

Independent Limited Assurance Report in relation to Telstra Group's 2013 Corporate Responsibility Reporting

To the Management and Directors of Telstra Group

We have carried out a limited assurance engagement in order to state whether anything has come to our attention to suggest that the agreed environmental data as reported in the Telstra Group's ('Telstra') 2013 Annual Report, Environmental Impact and Bigger Picture Telstra 2013 Sustainability Reporting Series (collectively referred to as 'the Report') has not been presented in accordance with the criteria listed below.

Subject Matter

The Subject Matter for our limited assurance engagement included for the year ended 30 June 2013 is the 19 environmental metrics and related performance disclosures included in the Report (refer to Attachment A for a list of the 19 metrics) and Telstra's reported alignment to the self-declared Global Reporting Initiative's ('GRI') application level (B+) for Telstra's environmental indicators under GRI requirements.

Criteria

The following Criteria have been applied to the Subject Matter described above:

- ▶ *National Greenhouse and Energy Reporting Act 2007*
- ▶ *National Greenhouse and Energy Reporting Regulations 2008*
- ▶ *National Greenhouse and Energy Reporting (Measurement) Determination 2008 (Amendment)*
- ▶ National Greenhouse Accounts (NGA) Factors, July 2012 ('NGAF') for scope 1, 2 and 3 greenhouse gas emissions
- ▶ UK Department for Environment Food and Rural Affairs (DEFRA) - 2012 greenhouse gas conversion factors for company reporting
- ▶ The GRI's Sustainability Reporting Framework Guidelines
- ▶ The principle of 'Reliability' under the AA1000 Assurance Standard (2008) ('AA1000AS')
- ▶ Telstra's reported criteria as detailed in the Glossary document at www.telstra.com.au/sustainability/ for:
 - Certain scope 3 emissions
 - Emissions intensity
 - Air travel
 - Energy savings
 - Waste production
 - MobileMuster contribution
 - Paper use
 - Water consumption
 - Sensis - Yellow and White Pages
 - Network emissions

The Responsibility of Management

The management of Telstra is responsible for the preparation and presentation of the Subject Matter in the Report in accordance with the above Criteria, and is also responsible for the selection of methods included in the Criteria. No conclusion is expressed as to whether the selected methods used are appropriate for the purpose described above. Further, Telstra's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement in accordance with the *International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000') and in accordance with the terms of reference for this engagement as agreed with Telstra.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Work Performed

Our assurance procedures included, but were not limited to:

- ▶ Gaining an understanding of the environmental reporting processes supporting the business activities
- ▶ Conducting site visits at a limited sample of sites to identify material sources of energy and diesel consumption, and sources of greenhouse gas emissions, and understand the basis for measurement and preparation of the metrics and the Report
- ▶ Conducting interviews and collation of evidence to understand processes and controls supporting the data
- ▶ Checking that methodologies have been correctly applied as per the methodologies outlined in the Glossary document at www.telstra.com.au/sustainability/
- ▶ Undertaking analytical procedures to support the reasonableness of the data
- ▶ Identifying and testing assumptions supporting the calculations
- ▶ Testing on a limited sample basis documentation supporting calculations to underlying source information
- ▶ Testing on a limited sample basis the effectiveness of the controls performed by the company
- ▶ Checking the appropriateness of the presentation of the information in the Report
- ▶ Checking the data in line with the principle of 'Reliability' under AA1000AS
- ▶ Reviewing and agreeing Telstra's self assessment of the Report's GRI G3 application level through checking Telstra had reported against the relevant GRI standard disclosures and performance indicators

Use of our Report

Our limited assurance report has been prepared for distribution to the management and directors of Telstra. We disclaim any assumption of responsibility for any reliance on this assurance statement or on the Subject Matter to which it relates, to any person other than management and directors of Telstra, or for any purpose other than that for which it was prepared.

Independence, Competence and Experience

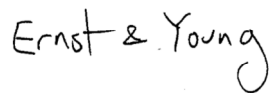
In conducting our assurance engagement we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants. We have the required competencies and experience to conduct this assurance engagement.

Matters Relating to Electronic Presentation of Information

Our limited assurance engagement included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Subject Matter as detailed above, and as presented in the Report is not presented fairly, in all material respects, in accordance with the Criteria as presented above.



Ernst & Young
Melbourne, Australia
7 August 2013

Attachment A

List of metrics assured as part of our limited assurance engagement:

| Environmental area | # | Metric |
|--------------------|----|---|
| Carbon emissions | 1 | Total carbon emissions (Scope 1, 2 & 3 tonnes of carbon dioxide equivalent - 'tCO ₂ -e') |
| | 2 | Emissions intensity (tCO ₂ -e/Terabytes) |
| | 3 | Network emissions (percentage of total emissions) |
| | 4 | Annualised emissions savings resulting from project initiatives in FY13 (tCO ₂ -e/year) |
| | 5 | Emissions by source (tCO ₂ -e) |
| Air travel | 6 | Air travel (total kilometres travelled) |
| Energy use | 7 | Total energy use - stationary and transport (gigajoules 'GJ') |
| | 8 | Annualised network energy savings resulting from project initiatives (GJ) |
| | 9 | Annualised commercial energy savings resulting from project initiatives (GJ) |
| | 10 | Stationary and transport energy by source (percentage) |
| Waste | 11 | Total waste (tonnes) |
| | 12 | Mobile Muster contribution (tonnes) |
| Paper use | 13 | Total paper consumption (tonnes) |
| Water consumption | 14 | Water consumption (kilolitres) |
| Sensis | 15 | Directory paper use for Yellow and White Pages (tonnes) |
| | 16 | Directory paper use for Yellow Pages in the Car (tonnes) |
| | 17 | Cumulative customer opt-outs of Yellow and White Page directories (number) |
| | 18 | National directory recycling and reuse rate (percentage) |
| | 19 | Paper properties; grade and recycled content |