

Independent Limited Assurance Report in relation to Telstra Group's 2014 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, human resource and community data as reported in the Telstra Group's ('Telstra') 2014 Annual Report and Bigger Picture Sustainability Report (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 for the year ending 30 June 2014 is the 31 metrics and related performance disclosures included in the Report (refer to Attachment A for a list of the 31 metrics) and an assessment of Telstra's sustainability materiality assessment process.

Criteria

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

- ▶ The principle of materiality in the context of the Global Reporting Initiative ('GRI') framework
- ▶ *National Greenhouse and Energy Reporting Act 2007*
- ▶ *National Greenhouse and Energy Reporting Regulations 2008*
- ▶ *National Greenhouse and Energy (Measurement) Determination 2008*, including the *National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2013 (No. 1)* (the 'Measurement Determination')
- ▶ National Greenhouse Accounts Factors, July 2013 for scope 1, 2 and 3 greenhouse gas emissions (the 'NGA Factors')
- ▶ UK Department for Environment Food and Rural Affairs (DEFRA) – 2013 greenhouse gas conversion factors for company reporting
- ▶ Telstra's reported criteria as detailed in the Glossary document at www.telstra.com/sustainability/report for:
 - Certain scope 3 greenhouse gas emissions
 - Carbon emissions intensity (CO₂-e/TB)
 - Network related emissions
 - Energy and emission savings
 - Air travel
 - Waste recycled
 - MobileMuster (mobility device recycling)
 - Paper consumption
 - Water consumption
 - Sensis – Yellow and White Pages metrics
 - Human resources and community metrics

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 Criteria. We conducted our limited assurance engagement in accordance with:

- ▶ *National Greenhouse and Energy Reporting (Audit) Determination 2009*
- ▶ *ISAE 3000 International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*
- ▶ *ASAE 3410 Assurance Engagements on Greenhouse Gas Statements*
- ▶ *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, human resource and community reporting processes supporting the business activities
- ▶ Conducting site visits at three sample 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 Measurement Determination, NGA Factors and methodologies outlined in the Glossary document at www.telstra.com/sustainability/report
- ▶ Undertaking analytical procedures to support the reasonableness of the data and disclosures
- ▶ 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 Telstra
- ▶ Checking the appropriateness of the presentation of the information in the Report
- ▶ Checking Telstra's self-assessment of its sustainability material issues against GRI's principle of materiality

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.

Limitations

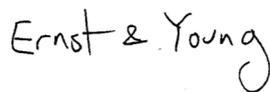
The Subject Matter of our work did not include any comparisons made against FY13 human resource and community data.

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
12 August 2014

Attachment A

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

Area	Metric
Environment	Total carbon emissions (scope 1, scope 2 and scope 3) (tCO ₂ -e)
	Emissions by source (tCO ₂ -e)
	Total energy use – stationary and transport (GJ)
	Stationary and transport energy by source (%)
	Emissions intensity (tCO ₂ -e/TB)
	Network related emissions (percentage of total emissions)
	Annualised emissions savings resulting from project initiatives in FY14 (tCO ₂ -e/year)
	Annualised network energy savings resulting from project initiatives (GJ)
	Annualised commercial energy savings resulting from project initiatives (GJ)
	Air travel (km)
	Total waste (t)
	Mobile Muster contribution (t)
	Total paper consumption (t)
	Water consumption (kL)
	Directory paper use for Yellow and White pages (t)
	Directory paper use for Yellow Pages in the Car (t)
	Cumulative customer opt-outs of Yellow and White Page directories (#)
	National directory recycling and reuse rate (%)
	Paper properties (grade and recycle content)
Human resource	Number of employees by geographic locations (%) (Telstra Group)
	Number of employees by age (%) (Telstra Corporation)
	Number of employees by employment level (%) (Telstra Corporation)
	Number of employees by type (%) (Telstra Corporation)
	Number of Telstra employees by contract type and coverage over bargaining agreements (%) (Telstra Corporation)
	Representation of women by employment level (# and %) (Telstra Corporation)
Community	Employee volunteering days on Telstra time (days)
	Employee matched payroll giving participation rates (%) and dollars donated (\$)
	Number of pre-paid mobile phone recharge cards distributed and dollar value of program (# and \$)
	Number of rebates provided on Telstra bills to financial hardship customers and dollar value of program (# and \$)
	Number of people receiving discounts via our pensioner discount program and dollar value of program (# and \$)
	Dollar value of our InContact program (\$)