

Independent Limited Assurance Report in relation to Telstra Corporation Limited's 2016 Sustainability Reporting

To the Management and Directors of Telstra Corporation Limited:

Our Conclusion:

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that:

- ▶ The materiality assessment process and
- ▶ The selected metrics and performance disclosures detailed in the table below

have not been presented fairly, in all material respects, in Telstra's Annual Report and Bigger Picture Sustainability Report, in accordance with the Criteria presented below.

We have carried out a limited assurance engagement in order to state whether anything has come to our attention to suggest that the selected performance data and disclosures as reported in Telstra Corporation Limited's ('Telstra') 2016 Annual Report and Bigger Picture Sustainability Report (collectively referred to as 'the Report') have 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 2016 includes:

- ▶ Telstra's sustainability materiality assessment process as disclosed in the 'Sustainability at Telstra' chapter of the Report, and
- ▶ The selected performance data and disclosures listed in the table below

Report Chapter	Performance data
Environment	
Climate change and energy	Total greenhouse gas emissions (Scope 1, Scope 2 and Scope 3) (tCO ₂ e)
	Greenhouse gas emissions by source (tCO ₂ e)
	Total energy consumption and total energy production (GJ)
	Energy consumption and energy production by source (GJ)
	Total stationary energy consumption (GJ, percent of total)
	Total transport energy consumption (GJ, percent of total)
	Emissions intensity (tCO ₂ e/TB)
	Network emissions (percent of total emissions)
	Annualised emissions savings resulting from project initiatives in FY16 (tCO ₂ e/year)
	Annualised network energy savings resulting from project initiatives (GJ)
	Annualised commercial energy savings resulting from project initiatives (GJ)
Resource use, waste and e-waste	Air travel (km)
	Total waste and recycling by disposal type (t)
	Mobile Muster contribution (t)
	Total paper consumption (t)
	Paper consumption by type (t)
Water consumption (kL)	
Responsible Business	
Governance at Telstra	Completion rates of mandatory annual compliance refresher training (percent)
Customer	
Privacy and data protection	Number of requests received from law enforcement for customer information
Community	
Digital inclusion	Digital literacy programs (number of people impacted)
	RAP telehealth commitment: <i>Indigenous access to medical care</i> case study
People	
Embedding diversity and inclusion	RAP commitment: Number of employees identified as being of Indigenous descent
	Number of employees identified as living with a disability

Criteria

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

- ▶ Global Reporting Initiative ('GRI') G4 Guidelines; Implementation Manual, including the Principles for Defining Report Content
- ▶ Telstra's own criteria as set out in its 2016 Bigger Picture Glossary available at: www.telstra.com/sustainability/report/data

Telstra's Responsibility

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.

EY'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:

- ▶ *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.

Our Approach

Our assurance procedures included, but were not limited to:

- ▶ Checking Telstra's approach for determining its material issues. This included completing a media review, peer review as well as checking Telstra's process and documentation of its materiality process against the materiality process described in the GRI's Principles for Defining Report Content
- ▶ Determining whether material topics and performance issues identified during our procedures had been adequately disclosed
- ▶ Gaining an understanding of the selected performance data and disclosures reporting processes supporting the business activities
- ▶ Conducting two site visits to confirm accuracy and completeness of reported energy and greenhouse information for these sites
- ▶ Conducting interviews and collation of evidence to understand processes and controls supporting selected performance data and disclosures
- ▶ Checking selected performance data and disclosures methodologies have been correctly applied as per the criteria and methodologies

- ▶ Performing analytical tests and detailed testing to source for material qualitative and quantitative information, on a sample basis
- ▶ Obtaining and reviewing evidence to support key assumptions in calculations and other data or statements
- ▶ Testing on a limited sample basis the effectiveness of the controls established by Telstra
- ▶ Checking that data and statements have been correctly transcribed from corporate systems and/or supporting evidence into the Report
- ▶ Checking the appropriateness of the presentation of the information in the Report

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.

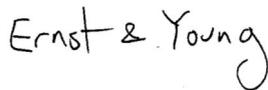
Limitations

The Subject Matter of our work did not include:

- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical 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 assurance report. We provide no assurance over changes to the content of this web-based information after the date of this assurance report.



Ernst & Young
Melbourne, Australia
10 August 2016