

13 August 2015

Office of the Company Secretary

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Level 41
242 Exhibition Street
MELBOURNE VIC 3000
AUSTRALIA

General Enquiries 08 8308 1721
Facsimile 03 9632 3215

ELECTRONIC LODGEMENT

Dear Sir or Madam

Corporate Governance Statement and Appendix 4G

Please find attached, in accordance with Listing Rules 4.7 and 4.10.3, a copy of Telstra's Corporate Governance Statement and completed Appendix 4G, for release to the market.

Yours faithfully



Damien Coleman
Company Secretary



GOVERNANCE AT TELSTRA

2015 Corporate Governance Statement

WE ARE COMMITTED TO EXCELLENCE IN CORPORATE GOVERNANCE, TRANSPARENCY AND ACCOUNTABILITY.

This is essential for the long term performance and sustainability of our company, and to protect and enhance the interests of our shareholders and other stakeholders.

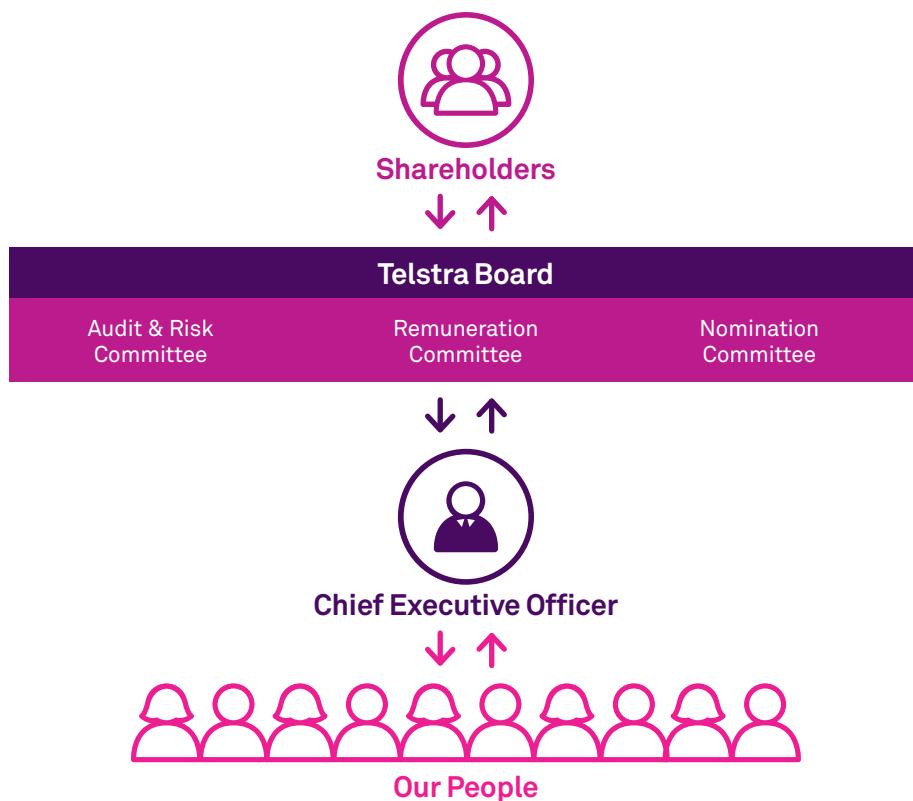
We are pleased to present our 2015 Corporate Governance Statement, which details our key governance arrangements and practices at Telstra.

We regularly review our governance arrangements, to reflect developments in market practice, expectations and regulation as appropriate.

We comply with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations), which is reflected in this Corporate Governance Statement.

Our governance framework plays an integral role in supporting our business and helping us deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed.

It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of each other.



Our governance framework includes:

- open, clear and timely communications with our shareholders
- a skilled, experienced, diverse and independent Board, with a Board Committee structure suited to our needs
- clear delegation, decision making and accountability frameworks
- robust systems of risk management and assurance
- Telstra Values, Code of Conduct and policy framework which define the standards of behaviour we expect of each other as we deliver on our purpose and achieve our strategy.

1. ENGAGING WITH OUR SHAREHOLDERS

We value a direct, two-way dialogue with our shareholders and investors about our company.

We believe it is important not only to provide relevant information as quickly and efficiently as possible (recognising the importance of meeting our continuous disclosure and other legal obligations to the market), but also to listen to and understand their perspectives and respond to their feedback.



Telstra Annual General Meeting, 2014

We have a number of initiatives in place to promote effective communication with our shareholders and investors, and to encourage participation at our shareholder meetings. During FY15 these included:

- **Retail shareholder information briefings** – as we have done in recent years, before our 2014 Annual General Meeting (AGM) we held four retail shareholder information briefings with the CEO and/or CFO. Briefings were held in Sydney, Melbourne, Perth and Adelaide and attended by about 1,000 retail shareholders. We intend to hold similar briefings again this year ahead of our 2015 AGM
- **Encouraging questions in advance of our AGM** – we encouraged shareholders to provide us with their questions ahead of our 2014 AGM, consistent with our approach in previous years, and we received more than 1,300 questions and comments. This helped us understand shareholder issues and concerns and enabled us to address the key areas of shareholder feedback

- **Electronic communications** – we continued to encourage shareholders to provide us with their email addresses so we could communicate with them electronically. We utilised electronic communications to inform shareholders about events and matters relevant to our company. For example, we informed our electronic shareholders about the appointment of our new CEO on the day of our announcement and provided them with a link to a video by the Chairman and our incoming and outgoing CEO. Along with our February 2015 dividend statement, we also provided our electronic shareholders with information about our strategy to improve customer advocacy and a link to where they could find out more about what we were doing to help our customers

- **Investor briefings** – we held various briefings for investors during the year. In April 2015, we held an Investor day on growth through network and product differentiation, which provided investors with insights into our mobiles business, our networks, security and innovation. Following the event, we communicated with our electronic shareholders, informing them where they could view the presentations and a recording of the event
- **Webcasting important company events** – we webcast important events such as our financial results briefings, our AGM and other investor events discussing the performance and strategy of our business. Following shareholder feedback and consistent with our capital management framework, in February 2015 we also announced the reactivation of our Dividend Reinvestment Plan for our shareholders.

2. THE BOARD OF DIRECTORS

2.1. The responsibilities of the Board

The Board is responsible for managing Telstra's business, and is accountable to shareholders in performing that role. In addition to the matters that the Board is required by law to approve, the key responsibilities of the Board include:

- approving our strategy and corporate plan and monitoring the implementation of our strategy and performance against the corporate plan
- appointing and assessing the performance of the CEO and determining his remuneration, as well as approving the appointment and remuneration of members of senior management and overseeing their performance
- overseeing our financial position and approving decisions concerning our capital management, including share backs and dividends
- overseeing our external audit activities and monitoring our internal audit activities and internal control and reporting systems
- overseeing our risk management framework in respect of our material business risks and other operational risks
- monitoring and influencing our culture, reputation, ethical standards and legal compliance, and overseeing our corporate governance framework (including approving Telstra's corporate governance statement)
- overseeing, and monitoring the effectiveness of, our sustainability strategy
- monitoring our work health and safety performance, including oversight of our work health and safety framework
- overseeing shareholder reporting and communications and the process for complying with our continuous disclosure obligations
- approving our overall remuneration framework
- approving our diversity policies and setting our measurable objectives for diversity.

The Board has adopted a Board Charter that details its role and responsibilities (which can be found in the corporate governance section of our website at www.telstra.com/governance (governance website)).



Telstra Board of Directors (top to bottom) Geoffrey Cousins, Russell Higgins, Chin Hu Lim, John Zeglis, John Mullen, Peter Hearl, Steven Vamos, Nora Scheinkitel, Margaret Seale, Catherine Livingstone, Andrew Penn.

The CEO, together with the senior management team, is responsible to the Board for the development and implementation of our strategy and the overall management and performance of our company. The Board has delegated to the CEO responsibility for day-to-day management of Telstra. A formal delegations structure is in place which sets out the powers delegated to the CEO and those specifically retained by the Board (such as certain matters relating to significant expenditure and acquisition and divestment transactions in excess of discretionary limits delegated to the CEO, material variations to our annual corporate plan and matters expressly reserved to the Board or one of its Committees), which are also reflected in the Board Charter. This is complemented by a formal structure setting out the delegations from the CEO to our employees.

2.2. Board operating rhythm

The Board has an established Board cycle, which provides a high level overview of items to be considered over a 12 month period. Its key purpose is to link the Board program with strategic and operational priorities and to ensure the Board devotes appropriate time to consideration of the various dimensions of our business across the cycle. The items covered across the cycle include matters ranging from implementation of our strategy, performance against our corporate plan, the status of our material business risks and matters requiring Board approval, to matters relating to our people, culture and governance framework. The Board cycle is reviewed on an ongoing basis to ensure it reflects the current needs of the Board and the business.

Some of the activities and areas of focus of the Board during FY15 included:

- in depth consideration of our strategy over the short, medium and longer term
- a Board visit to our overseas operations in Hong Kong and the Philippines in April 2015. The Directors met with our people, customers and stakeholders and it provided the Board with valuable insight into our operations in Asia, as well as aspects of our customer service initiatives and new growth businesses
- selecting and appointing our new CEO, Andrew Penn, and overseeing his smooth transition into the role.

2.3. Our Chairman

Our Chairman must be an independent Director appointed by the Board and the role of Chairman and CEO cannot be fulfilled by the same person. Our Chairman, Catherine Livingstone AO, is an independent non-executive Director. She has been a Director of Telstra since 2000 and was elected Chairman in 2009. The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and Telstra and to ensure that the Board fulfils its obligations under its Charter. The Chairman's responsibilities are set out in more detail in the Board Charter.

2.4. Board composition and Director appointment

The Board actively seeks to ensure it has an appropriate mix of diversity (including gender diversity), skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well equipped to help our company navigate the range of opportunities and challenges we face.

Matters relating to Board (and Board Committee) composition are considered by the Board and Nomination Committee in accordance with the framework set out in the Nomination Committee Charter and through processes implemented by the Board.

Diversity includes differences that relate to gender, age and cultural background, as well as differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board utilises a skills matrix which is reviewed by the Board on a regular basis. It is an important, but not the only, basis of criteria applying to director appointments.

Our Board skills matrix sets out the mix of skills, experience and expertise the Board currently has and is looking to achieve in its membership. Its structure reflects the areas particularly relevant to the three pillars of our strategy (improve customer advocacy, drive value from the core and build new growth businesses), as well as other areas of general relevance to the composition of our Board.

Each of these areas is currently well represented on the Board. The Board benefits from the combination of Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

For FY15, the Board's measurable objective about Board diversity was that there would be at least three women on the Board, representing a female gender representation among non-executive Directors of at least 30 per cent. As at 30 June 2015, there were three female Directors on the Board (including the Chairman of the Board and Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 30 per cent.

For FY16, the Board has maintained its diversity objective, with an additional aspiration to achieve 40 per cent female representation among non-executive Directors by 2020.

The Board has a number of initiatives in place to meet its strategic imperative of ensuring that the company has a diverse Board and to achieve its Board diversity measurable objective. These initiatives include ensuring a diverse range of qualified candidates is considered for Board appointments and developing a pipeline of potential Board candidates. A number of Directors also participate in programs to assist in the development of a broader pool of skilled and experienced Board candidates, including the Australian Institute of Company Directors (AICD) Chairmen's Mentoring Program.

The areas addressed in the Board skills matrix are:

| Strategic Priorities/ Areas | Skills Matrix |
|--|--|
| Improve customer advocacy Drive value from the core Build new growth businesses | <ul style="list-style-type: none"> • Marketing, Retail, Sales, Distribution • General, Business Management and Entrepreneurship • Highly Competitive and Dynamic Markets • China and Asia • Other Geographical Expertise and Experience <ul style="list-style-type: none"> • Telecommunications • Engineering and Networks • Information and Technology • Innovation, Science and Technology • High technology and Research Intensive • Health Industry and Medical • Multimedia |
| Other areas | <ul style="list-style-type: none"> • CEO Level Experience • Other NED Experience <ul style="list-style-type: none"> • Accounting, Finance and Audit • Banking, Treasury and Capital Markets <ul style="list-style-type: none"> • Legal, Governance and Compliance • Risk Management • Labour Relations, Human Resources and Remuneration |

Our process for the selection, nomination and appointment of Directors involves a formal selection process undertaken by the Board, and an executive search firm is generally engaged to assist in the process. As part of this process, the Board establishes criteria about the general qualifications and experience, as well as the specific qualifications, that a candidate should possess. We undertake appropriate checks on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a Director. We also provide shareholders with all material information in our possession that is relevant to a decision on whether to elect or re-elect a Director in our AGM Notice of Meeting.

We provide formal letters to all new Directors (as well as senior management) setting out the key terms and conditions of their appointment. Any new non-executive Director appointed by the Board during the year is required to stand for election at the next AGM.

As at the date of this statement, we have 11 Directors on the Board, comprising 10 non-executive Directors and the CEO. Details of the Directors, including their qualifications and experience, together with details of their length of service, can be found in the Board of Directors section of our 2015 Annual Report.

During FY15 one new non-executive Director was appointed, with Mr Peter Hearl joining the Board on 15 August 2014. The Board considered it would benefit from additional experience in the area of building customer advocacy and undertook an extensive formal search process (which included the use of an executive search firm). Mr Hearl brings considerable experience from industries including consumer goods and energy, and in building customer advocacy for brands. He was elected by shareholders at our 2014 AGM.

Directors also welcomed Andrew Penn to the Board as Managing Director on 1 May 2015, when he became our CEO following David Thodey's retirement as CEO and as a Director on 30 April 2015.

As announced on 13 August 2015, the Board intends to nominate US-based technology executive, investor and advisor Traci Vassallo, for election as a non-executive Director at our AGM in October 2015. Telstra Directors Geoffrey Cousins AM and John Zeglis also announced their intention to retire at the conclusion of our AGM on 13 October 2015. Each of Mr Cousins and Mr Zeglis will have completed three three-year terms.

2.5. Director induction training and continuing education

All new Directors participate in an induction process co-ordinated by the Company Secretary. The induction process for our non-executive Directors includes briefings on our strategy, financial, operational and risk management matters, our governance framework (including key policies), our culture and values and key developments in our company and the sectors and environments in which we operate.

We also have in place a continuing education program for Directors that is part of the annual Board cycle. Specific sessions are scheduled around Board meeting dates and we provide other appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. During the year, our program included visits to overseas operations and meetings with industry experts, local stakeholders and our customers, as well as attendance at relevant industry conferences.

2.6. Board tenure

In accordance with the ASX Listing Rules, we hold an election of Directors at our AGM each year. Directors stand for election or re-election in accordance with the process set out in our Constitution. No non-executive Director may hold office for more than three years, or beyond the third AGM following their appointment, whichever is the later, without re-election. If no Director would otherwise be required by our Constitution to submit for election or re-election then, in accordance with the procedure specified in our Constitution, any non-executive Director who wishes to retire and offer himself or herself for re-election may stand, otherwise the non-executive Director who has been longest in office since their last election or appointment is required to retire and stand for re-election. As the tenure of the CEO as a Director is linked to his or her executive office, the CEO is not required to stand for re-election through this process.

A recommendation to re-elect a non-executive Director at the end of their term is not automatic. Before each AGM, the Board determines if it will recommend that shareholders vote in favour of the re-election of the non-executive Directors standing for re-election. This decision is made by the Board, having regard to the outcome of the annual Board performance review and any other matters it considers relevant.

In recognition of the importance of Board renewal and succession planning, the Board has adopted the following principles in relation to Board and Board Committee tenure:

- **Director Positions** – where a non-executive Director is approaching the end of his/her third three-year term, a more formal review of his/her continuing directorship should take place, taking into account broader Board renewal and Board composition considerations and the requirements of the Telstra Corporation Act
- **Board Committee Chair Positions** – the maximum term for a non-executive Director to hold the position of Chairman of a Board Committee is generally five years, and
- **Board Committee Membership** – Committee membership should rotate every three to five years, subject to considerations of Committee succession planning and the overall composition/skills/experience of the Committee.

The Board also considers the length of service of each non-executive Director as part of its assessment of Director independence.

2.7. Director independence

The Board recognises the important contribution that independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of Telstra and to exercise unfettered and independent judgment.

The Board intends that the CEO is the only executive Director and that all non-executive Directors are also independent Directors.

The Board assesses, at least annually, the independence of each non-executive Director. We consider that an independent Director is a non-executive Director who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of his or her unfettered and independent judgement and ability to act in Telstra's best interests.

When assessing the independence of a Director, the Board considers the matters potentially affecting the independent status of a director as described in Box 2.3 of the ASX Recommendations. Materiality is assessed on a case-by-case basis from the perspective of both Telstra and the relevant Director, and consideration is given to both qualitative and quantitative factors.

The Board may determine that a Director is independent notwithstanding the existence of an interest, position, association or relationship of the kind described in Box 2.3. However, in such a case, the Board will disclose the reasons for making its determination.

If at any time during the year a Director ceases or may have ceased to be independent, they are required to advise the Chairman immediately. Where the Board determines that a Director is no longer independent, Telstra will make an announcement to the market.

With the exception of the CEO, all our Directors are non-executive Directors and have been determined by the Board to be independent. As part of its independence assessment, the Board considered the length of service of each non-executive Director on the Board and concluded that no Director had been a Director of Telstra for such a period that their independence may have been compromised.

2.8. Conflicts of interests

In accordance with the requirements of the Corporations Act and our Constitution, Directors must declare any conflict of interest they may have, and must follow the procedures set out in our Directors' Interests Policy including, in certain circumstances, abstaining from participating in any discussion or voting on matters in which they have a material personal interest.

2.9. Review of Board and Director performance

The Board reviews its performance annually, as well as the performance of individual Committees and individual Directors (including the performance of the Chairman as Chairman of the Board). These performance reviews are conducted both internally and, on a periodic basis, externally with the assistance of a facilitator.

The FY15 review of Board, Committee and Director performance was conducted externally with the assistance of an external facilitator. The process incorporated a number of components which included:

- a document review (such as Board agendas and Charters) and Board observation
- a Board performance survey, which was completed by all Directors and key members of senior management

- an in-depth structured interview with each Director and key members of senior management in relation to Board, Committee and individual Director/Chairman performance
- overall Board performance feedback
- individual feedback to Directors relating to their performance, and
- a separate consideration by the Board of the performance review findings in relation to the Chairman, with feedback provided to the Chairman in the presence of non-executive Directors.

The review included consideration of matters relating to the structure of Board and Committee meetings, the functioning of the Board and its Committees, opportunities to develop new approaches for Director interaction with management in Board meetings, as well as how the Board continues to evolve its focus to help our company navigate the range of opportunities and challenges we face. The review also included an assessment of the performance of the Board and its Committees against the requirements of their charters.

The overall conclusion was that the Board continues to operate effectively in the discharge of its duties and oversight of Telstra.

The findings and recommendations of the external consultant's review were provided to the Board. The external consultant also met separately with each Director to review individual feedback. As noted earlier, the Board makes recommendations to shareholders regarding the re-election of Directors having regard to the outcome of these reviews.

Reviews were also undertaken by each standing Board Committee in respect of their performance during FY15.

The Board reviews the performance of the CEO annually against agreed performance measures and other relevant factors. The CEO undertakes a similar exercise in relation to the senior executives. The outcomes of the CEO's annual review of senior executive performance and remuneration are subject to Board review and approval. Details of the outcomes of the FY15 performance evaluations for the CEO and senior executives are set out in our 2015 Remuneration Report (which forms part of our Directors' Report) in our 2015 Annual Report. Information about our remuneration framework and policies can also be found in our 2015 Remuneration Report.

2.10. Board access to management and independent professional advice

Directors have complete access to our senior management through the Chairman, CEO or Company Secretary at any time. In addition to regular presentations by senior management at Board meetings, Directors may seek briefings from senior management on specific matters.

The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at Telstra's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties. All Committees of the Board have access to independent professional advice on this basis. In certain circumstances, each Director has the right to seek independent professional advice at Telstra's expense within specified limits.

2.11. Company Secretary

The Company Secretary reports directly to the Board through the Chairman, and all Directors have access to the Company Secretary. The Company Secretary's role in respect of matters relating to the proper functioning of the Board includes advising the Board and its Committees on governance matters, monitoring that Board and Committee policies and procedures are followed, coordinating all Board business, providing a point of reference for dealings between the Board and management, retaining independent professional advisers at the request of the Board, Board Committee or as permitted under the Board Charter and helping to organise and facilitate the induction and professional development of Directors.

3. BOARD COMMITTEES

The Board has three standing Committees. Together they play a significant role by focusing in more detail on specific areas of our operations and governance framework, which assists in strengthening the Board's oversight of Telstra.

As at the date of this statement (and for all of FY15), the following three standing Committees assist the Board in carrying out its responsibilities:

- Audit & Risk Committee,
- Remuneration Committee, and
- Nomination Committee.

An overview of the role and responsibilities, composition, and membership as at 30 June 2015, of each Committee is provided below. Each Committee reports to the Board and makes recommendations to the full Board for its consideration as appropriate.

| | Audit & Risk Committee | Remuneration Committee | Nomination Committee |
|--------------------------------------|---|---|---|
| Roles and Responsibilities | <p>The Audit & Risk Committee (A&RC):</p> <ul style="list-style-type: none"> • monitors and advises on matters relating to financial reporting, risk management, compliance, external audit, internal control, internal audit, corporate governance and matters that may significantly impact the financial condition or affairs of the business • oversees Telstra's compliance with its Structural Separation Undertaking (SSU) and the activities of the Director of Equivalence • provides a forum for communication between the Board, management and both the internal and external auditors, and • provides a conduit to the Board for external advice on audit, risk management and compliance matters. | <p>The Remuneration Committee monitors and advises on matters relating to:</p> <ul style="list-style-type: none"> • remuneration of the Board, CEO and Company Secretary • performance and remuneration of senior management • remuneration strategies, practices and disclosures generally (including non-routine remuneration arrangements) • work health and safety • diversity (excluding Board diversity) • employee equity plans, and • management succession, capability and talent development. <p>The Committee also exercises the administrative powers delegated to it by the Board under Telstra's equity plans.</p> | <p>The Nomination Committee monitors and advises on matters relating to:</p> <ul style="list-style-type: none"> • composition and performance of the Board, including Board diversity • Director independence • appointment of the CEO and succession planning for this role • CEO and Company Secretary performance, and • outside directorship requests from executives in relation to publicly listed companies or managers of listed managed investment schemes. |
| Composition | <p>Composition requirements include:</p> <ul style="list-style-type: none"> • there must be at least three independent non-executive Directors on the Committee • the members shall, between them, have sufficient accounting and financial knowledge to allow them to discharge their duties and actively challenge information presented by management, internal and external auditors • the Chairman must be an independent Director who is not Chairman of the Board. <p>Our A&RC structure complies with the ASX Listing Rules.</p> | <p>Composition requirements include:</p> <ul style="list-style-type: none"> • there must be at least three independent non-executive Directors on the Committee, including the Chairman of the Board, and • each member is expected to be familiar with the legal and regulatory disclosure requirements in relation to remuneration and have adequate knowledge of executive remuneration issues, including executive retention and termination policies, and short term and long term incentive arrangements. <p>Our Remuneration Committee structure complies with the ASX Listing Rules.</p> | <p>Composition requirements include there must be at least three independent non-executive Directors on the Committee, including the Chairman of the Board.</p> |
| Membership as at 30 June 2015 | Nora Scheinkestel – Chairman Russell Higgins Catherine Livingstone Margaret Seale | John Mullen – Chairman Geoffrey Cousins Peter Hearl Catherine Livingstone Steven Vamos | Catherine Livingstone – Chairman Geoffrey Cousins Peter Hearl John Mullen Steven Vamos |
| Consultation | <ul style="list-style-type: none"> • Other members of the Board may attend A&RC meetings and the A&RC may invite management, the external auditor and others to attend meetings as it considers necessary or appropriate. • The A&RC meets with the internal auditor and the external auditor in the absence of management. | <ul style="list-style-type: none"> • Other members of the Board may attend Remuneration Committee meetings. The Remuneration Committee may also invite other people, including any Telstra employees, to attend all or part of its meetings provided that the person is not present for consideration of any item in which they have a material personal interest. This ensures that no senior executive is directly involved in deciding their own remuneration. • The Remuneration Committee obtains external advice from independent remuneration consultants in determining Telstra's remuneration practices where considered appropriate. | <ul style="list-style-type: none"> • Other members of the Board may attend Nomination Committee meetings, which are generally scheduled to coincide with Board meetings to enable all Board members to attend. The Nomination Committee can also invite other people, including any Telstra employees, to attend all or part of its meetings provided that the person is not present for consideration of any item in which they have a material personal interest. |



Telstra Customer Insight Centre – Level 2, 400 George Street Sydney.

Each Committee operates in accordance with a written Charter approved by the Board, which can be found on our governance website. The role, Charter, performance and membership of each Committee are reviewed each year.

Only independent, non-executive Directors can serve on our three standing Board Committees. The Board appoints the members and the Chairman of each Committee.

In addition to the membership requirements applying to each Committee as set out in its Charter, each Committee member must have the capacity to devote the required time and attention to prepare for, and attend, Committee meetings. Following each Committee meeting, the Board receives a report from that Committee on its deliberations, conclusions and recommendations.

Details of the number of meetings held by the Board and its Committees during FY15, and attendance by Board members, can be found in the Directors' Report of our 2015 Annual Report. Information on the relevant qualifications and experience of Committee members can also be found in the Board of Directors section of our 2015 Annual Report.

The Board also establishes ad hoc committees from time to time to support the Board in carrying out its responsibilities.

4. ASSURANCE AND RISK MANAGEMENT

4.1 External auditor

Our external auditor, Ernst & Young (EY), was appointed by shareholders at our 2007 AGM. A rotation of our lead EY partner occurred after our FY11 half-year accounts were signed, as the lead partner retired from EY. The Board undertook a process with EY and agreed upon the new lead partner, Mr Stephen John Ferguson.

In February 2015, the Board granted approval for Mr Ferguson to continue, as lead auditor, to play a significant role in our audit for one additional successive financial year, being the financial year ending 30 June 2016. This approval was in compliance with the Corporations Act and was granted in accordance with a recommendation from the Audit & Risk Committee which was satisfied the approval:

- was consistent with maintaining the quality of the audit provided to Telstra, and
- would not give rise to a conflict of interest situation (as defined in the relevant section of the Corporations Act).

A copy of the Board resolution granting approval was lodged with ASIC as required, and is available on our governance website. The required statutory disclosures in relation to this approval will appear in our FY16 Directors' Report (which will be included in our 2016 Annual Report), being the year in which Mr Ferguson will play a significant role in our audit in reliance on this approval.

Our EY lead partner attends our AGM and is available to answer shareholder questions about the conduct of our audit and the preparation and content of the auditor's report.

The Audit & Risk Committee oversees our relationship with EY, including:

- reviewing and assessing the performance, independence and objectivity of EY
- monitoring management's adherence to our policy on audit and non-audit services provided by EY
- reviewing and agreeing on the terms of engagement and fees for EY, and
- reviewing EY's proposed annual audit scope and audit approach, including materiality levels.



During FY15, the Audit & Risk Committee was provided with regular formal, written reports detailing the nature and amount of any non-audit services rendered by EY and an explanation of how the provision of those non-audit services was compatible with auditor independence. Details of amounts paid or payable to EY for non-audit services provided during the year are disclosed in Note 8 to our Financial Statements in our 2015 Annual Report.

4.2 Internal audit

Our internal audit activities are undertaken by Group Internal Audit, Telstra's dedicated internal audit function. The role of Group Internal Audit is to provide the Board and management with independent and objective assurance on the effectiveness of our governance, risk management and internal control processes.

To maintain the necessary independence it needs to carry out its role, Group Internal Audit has no direct operational responsibility or authority over any of our business or risk management activities.

Functional responsibility for Group Internal Audit resides with the Director Group Internal Audit, whose appointment is approved by the Board. The Director Group Internal Audit reports to the Audit & Risk Committee and the CFO. Group Internal Audit has full and unrestricted access to all of our information systems, records, physical properties and employees in order to carry out its activities. The work of Group Internal Audit is guided by The International Professional Practices Framework provided by the Institute of Internal Auditors. The Audit & Risk Committee monitors Group Internal Audit's activities and performance, including its independence.

4.3 Managing our risks

Understanding and managing our risks is part of how we work. It helps us meet our business objectives and our legal and regulatory obligations, and to make better decisions and act ethically in the best interests of Telstra Group and our shareholders.

We have a risk management framework in place that provides the foundations and organisational arrangements for how we manage risks across the Group. The framework aligns with ISO 31000:2009, the International Standard for risk management, and consists of a set of components for designing, implementing, monitoring, reviewing and continually improving risk management at Telstra. The objective is for our risk management framework to be embedded within our governance, strategic decision-making, business activities, operations and culture.

The framework is designed, implemented and reviewed via our ‘three lines of defence’ accountability model, which comprises the following:

- **First Line** – business stakeholders and operational management who are responsible for identifying, assessing and managing their risks
- **Second Line** – the Chief Risk Office, and risk management teams in the business units, who are responsible for risk and compliance frameworks, oversight and monitoring
- **Third Line** – our Group Internal Audit function, who are responsible for providing independent assurance on governance, risk management and internal control processes.

One of the core components of our framework is the risk management process which provides the business with a process for assessing our risks. Through this risk management process, we identify, monitor and report on risks to the achievement of our plans and objectives.

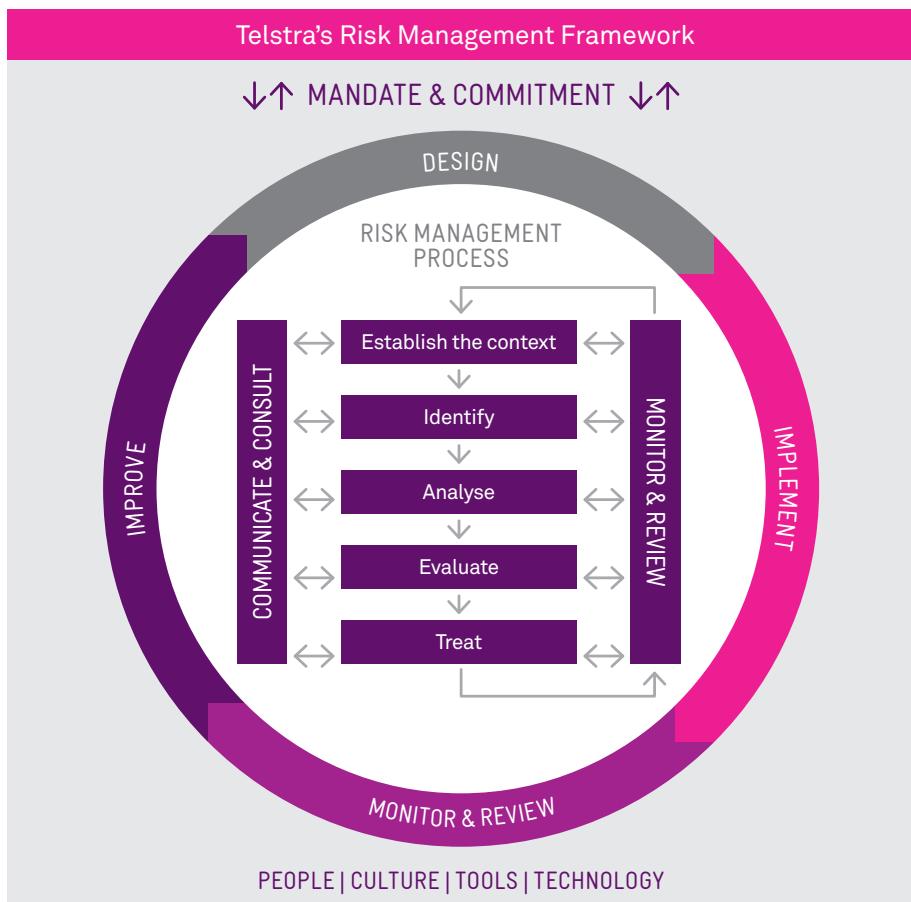
The risk management process is inclusive of all types of risks from internal and external sources, including strategic, operational, financial, regulatory, and sustainability risks.

A summary of our material business risks (including any material exposure to economic, environmental and social sustainability risks), their key drivers and our plans to manage them is provided in the Strategy and Performance section of our 2015 Annual Report. Our material business risks, which are strategic in nature and can have a material impact on the achievement of our strategic growth objectives and future financial prospects, are monitored for changes in their exposure and are reported to the Board during the course of the financial year, along with their related controls and treatment plans. Our principal risk exposures, which are operational in nature, are monitored and reported to our Management Risk Committee and the Audit & Risk Committee.

Also core to our framework are the activities we undertake to monitor and review its design and implementation. We conduct reviews and self-assessments of our framework across the enterprise, and report the results to our Management Risk Committee and the Audit & Risk Committee. We use the results of those reviews, as well as recommendations from Group Internal Audit, our third line of defence, to identify and implement opportunities for improving our framework. In respect of FY15, the Audit & Risk Committee has reviewed Telstra’s risk management framework and satisfied itself that it continues to be sound.

In connection with our financial statements for the financial year ended 30 June 2015, and the half-year ended 31 December 2014, our CEO and CFO have provided the Board with declarations that:

- in their opinion, the financial records of Telstra have been properly maintained; and
- in their opinion, the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Telstra; and
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



5. ACTING ETHICALLY AND RESPONSIBLY

Our purpose is to create a brilliant connected future for everyone. Our Telstra Values, together with our Telstra Group Code of Conduct and policy framework, define the standards of behaviour that we expect of each other as we deliver on our purpose and achieve our strategy.

| | | |
|---------------------|--------------------|-------------------------|
| OUR PURPOSE | Why we exist | |
| OUR STRATEGY | Where we are going | What we are going to do |
| OUR VALUES | What we stand for | How we do things |

5.1 Our Telstra Values

At Telstra, we have five values. Our values express what we stand for and are core to our business. As a values-led organisation, our values shape our people's decisions and actions. They guide how we work together. We align everything we do with them.

Show you care Better together Trust each other to deliver Make the complex simple Find your courage

5.2 Our Code of Conduct and policy framework

Our Code of Conduct and policy framework underpin our Telstra Values. Together they set out, in more detail, the standards of behaviour we expect of our people. They define our commitment to good corporate governance, responsible business practice, our customers, our workforce, the communities in which we operate and the environment. They also provide the structure through which we maintain compliance with our legal obligations.

Our governance framework includes elements that address the following key areas. These are central to how we promote good governance, and ethical and responsible behaviour:

Our People and Our Community

Health and Safety

Recognising our commitment to the health, safety and wellbeing of our staff, contractors and community. In addition to highlighting the importance of caring about health and safety, it sets out our commitment to providing a safe and healthy workplace and our expectations of our staff, contractors and suppliers. More information about health and safety at Telstra can be found in our 2015 Annual Report.

Diversity

Setting out our strategy and principles in relation to diversity. This provides the framework for the establishment of our diversity measurable objectives, and monitoring and reporting on diversity matters across Telstra.

Discrimination and Bullying

Aiming to ensure that we have a workplace free of all forms of unlawful discrimination, harassment, bullying and victimisation.

Sustainability

Seeking to manage our business to produce an overall positive impact for our customers, employees, shareholders, the wider community and other stakeholders, while minimising our environmental impacts. Information about our approach to sustainability can be found in the Sustainability section of our 2015 Annual Report, our Bigger Picture sustainability report and on our website at telstra.com/sustainability

We make donations and contribute funds to community and not for profit organisations as part of our approach to community investment and sustainability. We do not make political donations. However, in line with other major publicly listed companies, we do pay fees to attend events organised by political parties where those events allow for discussion on major policy issues with key opinion leaders and policy makers.

Our Customers

Privacy

Setting out our commitment to the protection of our customers' personal information. This outlines how we protect customer personal information, how and why we collect it, how we may use and disclose it, how we keep it secure and accurate, and how customers may access their personal information. Further information on Privacy at Telstra is provided in the Sustainability section of our 2015 Annual Report and on our website at telstra.com.au/privacy/ (including our Privacy Statement).

Good Corporate Governance and Responsible Business Practice

Anti-Bribery and Anti-Corruption

Aiming to ensure we comply with all applicable anti-bribery and anti-corruption laws. We also seek to ensure that gifts, prizes and hospitality are not given or accepted in inappropriate circumstances, including where the offering or acceptance may (or may be perceived to) compromise independence or be construed as a bribe.

Conflicts of Interest and Outside Activities

Helping our employees and contractors understand what would be a conflict of interest, how to avoid actual, potential or apparent conflicts of interest, and how to manage them if a conflict arises.

Whistleblowing

Providing an avenue for anyone to report suspected unethical, illegal or improper behaviour. Our whistleblowing process is supported by an independent service provider and all disclosures are treated confidentially and can be made anonymously. Our Group Whistleblowing Committee monitors disclosures, investigations, recommendations and the implementation of actions, and our Audit & Risk Committee oversees the whistleblowing process.

Securities Trading

Setting out the rules and restrictions relating to buying, selling and otherwise dealing in Telstra securities by our Directors, CEO, senior management, specified other employees and their closely related parties (Designated Persons), through a trading windows approach. Designated Persons are also prohibited from using Telstra securities as collateral in financial transactions (including margin loan arrangements), and engaging in short selling or stock lending arrangements and short term trading in respect of our securities, as well as entering into hedging arrangements that limit the economic risk of holding Telstra securities (including any held under our equity plans). All of our people are required to comply with the insider trading laws, and must also consider how their proposed dealing in Telstra securities (or the securities of another company), could be perceived by the market before they deal.

Market Disclosure

Outlining responsibilities and the process for the approval of our ASX announcements, including where Board approval is required in respect of announcements that relate to certain significant matters, as well as the role of our CEO, CFO and Continuous Disclosure Committee in relation to disclosure matters.

We aim to ensure that we provide our shareholders, investors and the financial community with appropriate and timely information while ensuring we fulfil our statutory reporting obligations under the Corporations Act and the ASX Listing Rules. Our market disclosure policies and practices are reviewed and updated on a regular basis.

Social Media

Providing guidance to employees and contractors who use social media, either as part of their job or in a personal capacity, about our expectations when they talk online about us, our products and services, our people, our competitors and/or other business related individuals or organisations.

Structural Separation Undertaking

Reflecting our commitment to compliance with the Structural Separation Undertaking (SSU). The SSU includes our undertaking to structurally separate over time through migrating voice and broadband customers from Telstra's copper and HFC networks to the National Broadband Network, and to delivering increased transparency as well as equivalence in the supply of regulated fixed network services to our wholesale customers. Our commitments under the SSU include the requirement to self-report potential breaches of the SSU to the ACCC each month, and to report annually to the ACCC on our compliance, including details of any new or additional measures that have been undertaken by us to ensure compliance. The ACCC reports annually to the Minister for Communications on our compliance with the SSU.

Additional information about our governance framework (including our Code of Conduct, Securities Trading and Diversity policies and a summary of our Market Disclosure policies) can be found on our governance website.



6. DIVERSITY AND INCLUSION AT TELSTRA

Our people value working in an organisation where differences are valued. Promoting diversity and inclusion across Telstra helps us to improve our business results, enhance our reputation and attract, engage and retain talented people. In addition, having a diverse range of employees better enables us to understand our customers' needs, and provide them with excellent customer service.

At Telstra, our focus on diversity and inclusion relates to differences in gender, age, ethnicity, race, cultural background, disability, religion and sexual orientation. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem solving skills.

Our approach to employee diversity and inclusion is led by our Diversity Council, which is chaired by the CEO and comprises the entire CEO Leadership Team. Through this forum, as well as performance planning and development processes, we reinforce our expectations of all leaders to lead in an inclusive way and to value difference.

Our diversity policies provide the framework for the Board to set our measurable objectives for achieving diversity and to annually assess our progress in achieving them. The following table summarises the measurable objectives for achieving gender diversity set by the Board and our progress towards achieving them, as at 30 June 2015.

Diversity targets and performance

| Measure | Objective and Progress/Result in respect of FY15 (or as otherwise stated) | Objective in respect of FY16 (or as otherwise stated) |
|--|---|--|
| Women on the Board | <p>Objective – There will be at least 3 women on the Board, representing a female gender representation among non-executive Directors of at least 30%.</p> <p>Progress – As at 30 June 2015, there were 3 female Directors on the Board (including the Chairman of the Board and Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 30%.</p> | There will be at least 3 women on the Board, representing a female gender representation among non-executive Directors of at least 30%, with an aspiration to achieve 40% female representation among non-executive Directors by 2020. |
| Female representation in graduate intake | <p>Objective – 45% female representation in graduate intake selected in 2015, with an aspiration of 50% female representation by 2020.</p> <p>Result – 44% female representation in graduate intake selected in 2015.</p> | 45% female representation in graduate intake selected in 2016, with an aspiration to achieve 50% female representation by 2020. |
| Promotion rates for women | <p>Objective – To exceed their representation at Business Unit level.</p> <p>Result – Achieved in Telstra overall and in 4 out of 10 business units.</p> | Promotion rates for women to exceed their representation at Business Unit level. |
| Engagement of identified groups ⁽ⁱ⁾ | <p>Objective – Equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant.</p> <p>Result – As we did not complete a whole of company survey this financial year, opting instead to address known areas for improvement, we are unable to report on our progress against this target. Our next whole of company employee engagement survey is expected to be conducted in the first half of FY16, with results reported in our 2016 Corporate Governance Statement.</p> | Engagement of identified groups equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant. |
| Female representation ⁽ⁱⁱ⁾ at 30 June | <p>Objective – FY15 – 32% (Telstra Total) and 30% (Executive Management).</p> <p>Result – 31% (Telstra Total) and 25.6% (Executive Management).</p> | FY16 – 32% (Telstra Total) and 30% (Executive Management). FY20 – 35% (Telstra Total) and 40% (Executive Management). |

(i) Identified groups are female employees, Indigenous employees, culturally and linguistically diverse employees, employees with a disability, and, gay, lesbian, bisexual, transgender and intersex (GLBTI) employees.

(ii) Full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group.

6.1. Gender equality

Overall female representation across Telstra Corporation Limited and its wholly owned subsidiaries increased this year to 31 per cent. This increase was the result of an upwards shift across all segments other than the number of women in executive management, which decreased slightly from 25.9 per cent at 30 June 2014 to 25.6 per cent at 30 June 2015. We have seen an increase in overall representation and a continued upward trend in female representation among promotions and the number of women joining Telstra in FY15 exceeding the numbers of women leaving, bringing Telstra closer to our 32 per cent target than ever before.

Telstra is required by the Workplace Gender Equality Act 2012 to report our workforce gender profile as at 31 March each year. Our 2015 report was lodged with the Workplace Gender Equality Agency on 28 May 2015 and can be found on our governance website at telstra.com/governance

Representation of Women in Telstra as at 30 June 2015

| Role | Number | Percentage |
|--|--------|------------|
| Board⁽ⁱ⁾ | 3 | 30 |
| Executive management⁽ⁱⁱ⁾ | 72 | 25.6 |
| CEO | 0 | 0 |
| CEO-1 (Band A) | 3 | 21.4 |
| CEO-2 (Band B) | 18 | 24 |
| CEO-3 (Band C) | 51 | 26.6 |
| Middle management⁽ⁱⁱⁱ⁾ | 2,856 | 27.8 |
| Operational^(iv) | 7,237 | 32.5 |
| Telstra Total* | 10,165 | 31 |
| Telstra Group Total** | 11,757 | 31.3 |

* Includes full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group.

** Includes full time, part time and casual staff in controlled entities within the Telstra Group, excluding contractors and agency staff.

Information regarding the controlled entities in the Telstra Group can be found in Note 25 to the Financial Statements in our 2015 Annual Report.

Notes:

(i) Number and percentage relates to non-executive Directors.

(ii) Executive management comprises persons holding roles within Telstra designated as Band A, B or C, or equivalent.

(iii) Middle management comprises persons holding roles within Telstra designated as Band 1 or 2, or equivalent.

(iv) Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

6.2. Board diversity

Information on the initiatives the Board has in place to meet its strategic imperative of ensuring the company has a diverse Board and to achieve its Board diversity measurable objective can be found in the Board Composition and Director Appointment section of this statement.



Tahlia – Executive Assistant

6.3. Employee diversity and inclusion

During the year our initiatives to enhance diversity and inclusion at Telstra included:

- **Gender equality** – we became a signatory to the UN Women's Empowerment Principles, which encourage corporate leadership in gender equality and empowerment of women in the workplace, marketplace and community
- **Domestic violence** – as a White Ribbon accredited workplace we are taking active steps to support our employees who are impacted by family and domestic violence. This year we launched a Family and Domestic Violence Support Policy, which provides employees in Australia who are experiencing violence with up to 10 days paid leave each year, in addition to all other leave entitlements
- **Workplace Gender Equality Employer of Choice** – we were named as an Employer of Choice for Gender Equality by the Federal Government's Workplace Gender Equality Agency (WGEA) and were recognised by the agency for our leading practice in promoting pay equity. Our then-CEO, David Thodey, also became a WGEA pay equity ambassador this year
- **Employment of people with a disability** – we achieved our target of commencing 100 new employees who identify as living with a disability between June 2012 and June 2015, with 103 new starters identified over this period. We also introduced a new personalisation guide for leaders on managing employees who identify as living with a disability
- **Indigenous employment** – we began a new partnership with Career Trackers, commencing 4 new Indigenous tertiary interns during FY15, as well as graduating 11 Indigenous school-based and fulltime trainees during the year
- **Flexible working** – we know that our people have different priorities, passions and interests that must be balanced with work, so this year we continued to enable All Roles Flex, our Group-wide approach whereby flexibility – for any reason – is now considered the starting point for all roles
- **Ageing population** – in Australia, people aged 45 and over make up the fastest-growing employee category. It's therefore important for us to consider how we can best promote age and generational diversity, and offer the flexibility required to attract and retain talent of all ages. This year we piloted a program that supports mature age workers to make positive plans for their future work, life and eventual transition to retirement.

OTHER INFORMATION

This Corporate Governance Statement was approved by the Board of Telstra Corporation Limited on 13 August 2015 and the information contained in it is current as at that date, unless stated otherwise.

This statement, together with our 2015 ASX Appendix 4G (which is a checklist cross-referencing the ASX Recommendations to the relevant disclosures in this statement and our website (our ASX Appendix 4G)), have both been lodged with the ASX on 13 August 2015. This statement and our ASX Appendix 4G can also be found in the corporate governance section of our website at www.telstra.com/governance

More information on our governance arrangements, including our Board and Board Committee Charters and key policies, can also be found on our governance website.

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Telstra Corporation Limited

ABN / ARBN:

33 051 775 556

Financial year ended:

30 June 2015

Our corporate governance statement² for the above period above can be found at:³

- These pages of our annual report:
- This URL on our website: www.telstra.com/governance

The Corporate Governance Statement is accurate and up to date as at 13 August 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 13 August 2015

Name of Director or Secretary authorising lodgement: Damien Coleman

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|--|---|---|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | |
| 1.1 | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> at this location: Board Charter which is located at www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> |
| 1.2 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> at this location:</p> <p>1.2(a): Corporate Governance Statement. 1.2(b): All material information relevant to a decision on whether or not to elect or re-elect a director is found in Telstra's AGM Notice of Meeting.</p> |
| 1.3 | <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location</p> |
| 1.4 | <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|--|--|
| 1.5 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at this location: The fact that Telstra has diversity policies is noted in the Corporate Governance Statement. What is included in Telstra's diversity policies can be found in those policies which are located at www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section)</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> |
| 1.6 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|--|--|
| 1.7 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | <p>... the evaluation process referred to in paragraph (a):</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location: ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> details of the outcomes of the FY15 performance evaluations for the CEO and senior executives can be found in the Remuneration Report in Telstra's 2015 Annual Report. |
| PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE | | |
| 2.1 | <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section) <p>... and the information referred to in paragraphs (4) and (5):</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> at this location: 2.1(a)(4): Corporate Governance Statement. 2.1(a)(5): 'Directors' Report' section of the Telstra 2015 Annual Report. |
| 2.2 | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> | <p>... our board skills matrix:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|---|--|
| 2.3 | A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> at this location: ‘Board of Directors’ section of the Telstra 2015 Annual Report ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at this location: ‘Board of Directors’ section of the Telstra 2015 Annual Report. |
| 2.4 | A majority of the board of a listed entity should be independent directors. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location |
| 2.6 | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. | ... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at this location |
| PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY | | |
| 3.1 | A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. | ... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u> <input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section). |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|--|---|--|
| PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING | | |
| 4.1 | <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. | <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>4.1(a)(4): 'Board of Directors' section of the Telstra 2015 Annual Report</p> <p>4.1(a)(5): 'Directors' Report' section of the Telstra 2015 Annual Report</p> |
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> |
| 4.3 | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> |

| | | |
|---|--|---|
| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | |
| 5.1 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. | <p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | <p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location: www.telstra.com/governance</p> |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location</p> |
| 6.3 | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders. | <p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location</p> |
| 6.4 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at this location</p> |

| | | |
|--|--|--|
| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | |
| 7.1 | <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <ul style="list-style-type: none"> (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>7.1(a)(4): Corporate Governance Statement.</p> <p>7.1(a)(5): 'Directors' Report' section of the 2015 Telstra Annual Report.</p> |
| 7.2 | <p>The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location.</p> |
| 7.3 | <p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location.</p> |

| | | |
|--|--|---|
| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input type="checkbox"/> at this location: The 'Strategy and Performance' section of the Telstra 2015 Annual Report.</p> |
| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | |
| 8.1 | The board of a listed entity should: <ol style="list-style-type: none"> (a) have a remuneration committee which: <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ol style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location ... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at this location: 8.1(a)(4): Corporate Governance Statement. 8.1(a)(5): 'Directors' Report' section of the 2015 Telstra Annual Report.</p> |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location: 'Remuneration Report' section of the 2015 Telstra Annual Report.</p> |

| Corporate Governance Council recommendation | | We have followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---|---|--|
| 8.3 | <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it. | <p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at this location: www.telstra.com/governance (Charters, Documents and Other Governance Information section).</p> |