

Approval granted under section 324DAA of the Corporations Act

On 11 February 2015, the Board granted approval under section 324DAA of the Corporations Act for Mr Stephen John Ferguson to continue, as lead auditor, to play a significant role in the audit of the Company for one additional successive financial year, being the financial year ending 30 June 2016. The approval was granted in accordance with a recommendation from the Audit & Risk Committee which was satisfied the approval:

- is consistent with maintaining the quality of the audit provided to the Company; and
- would not give rise to a conflict of interest situation (as defined in section 324CD of the Corporations Act).

A copy of the Board resolution granting approval has been lodged with ASIC in accordance with section 324DAC of the Corporations Act. A copy of the Form 397 lodged with ASIC is attached.

**Australian Securities &
Investments Commission**



Form 397
Corporations Act 2001
324DAC

Notification of directors' resolution under s324DAC

If there is insufficient space in any section of the form, provide details in an annexure – refer to Guide for annexure requirements

Company or scheme details

Company or scheme name

Telstra Corporation Limited

ACN/ARSN/ABN

051 775 556

Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation

Telstra Corporation Limited

Contact name/position description

Kim Demarte, Legal Counsel

Telephone number (during business hours)

(03) 8647 9070

Email address (optional)

Postal address

Level 41, 242 Exhibition Street

Suburb/City

Melbourne

State/Territory

Victoria

Postcode

3000

1 Details of the resolution

See guide for information about the terms of the resolution.

The directors of a listed company or listed registered scheme may, by resolution, approve the auditor of the company or scheme to continue in that role for not more than two successive financial years in addition to the five successive years mentioned in s324DA(1). The approval must be given before the end of the five successive years. The resolution must be lodged with ASIC within 14 days after the date of the resolution in order to be relied upon.

If lodged after this time, the form will not be accepted and the directors will be advised to pass another resolution.

The resolution must be consistent with the requirements of s324DAB.

Provide date of resolution

Date of resolution

1 1 / 0 2 / 1 5
[D] [D] [M] [M] [Y] [Y]

Annexures must be endorsed as specified in the guide.

☒ A copy of the signed and dated resolution that was passed by the directors is attached as an annexure marked "....." (a, b, c or 1, 2, 3 etc).

Signature

This form must be signed by a current officeholder of the company.

I certify that the information in this form and the annexure are true and complete.

Name

Damien Coleman

Capacity


☐

Director

☒

Secretary

Signature



☒

Annexure endorsed as specified in guide

Date signed

20/02/15

[D] [M] [Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
GPO Box 9827 in your capital city.

For more Information

Web www.asic.gov.au

Need help? www.asic.gov.au/question

Telephone 1300 300 630

'A'

This is the annexure of 2 pages marked 'A' mentioned in the ASIC Form 397 Notification of directors' resolution under s324DAC signed by me


Damien Coleman

Date: 20/2/2015

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Board Resolutions

1. Recommendation and consent received:

The Board notes that:

- (a) it has received the signed recommendation from the Audit & Risk Committee set out at Attachment 1 (Recommendation) that the Board grant approval under section 324DAA of the Corporations Act 2001 (Act) to enable the Company's current lead auditor to continue to play a significant role in the Company's audit for one additional successive financial year;
- (b) the Recommendation sets out the reasons why the Audit & Risk Committee is satisfied that the approval:
 - (i) is consistent with maintaining the quality of the audit provided to the Company; and
 - (ii) would not give rise to a conflict of interest situation (as defined in section 324CD of the Act);and
- (b) the Company's auditor, Ernst & Young, has agreed in writing to the Board granting the approval.

2. Approval for lead auditor to continue as lead auditor for additional year:

The Board resolves to:

- (a) grant approval under section 324DAA of the Act for Mr Stephen John Ferguson to continue, as lead auditor, to play a significant role in the audit of the Company for one additional successive financial year, being the financial year ending 30 June 2016, in accordance with the Recommendation attached to, and forming part of, this resolution; and
- (b) authorise the Company Secretary to lodge a copy of this resolution (including the attachment) with the Australian Securities and Investments Commission and provide a copy to the Company's auditor.

The above resolutions were approved by the Board of Directors of Telstra Corporation Limited ACN 051 775 556 on 11 February 2015.


Damien Coleman
Company Secretary
Date: 20/2/2015

'A'

Attachment 1 to Resolutions of the Board of Directors of Telstra Corporation Limited of 11 February 2015:

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Audit & Risk Committee Recommendation to the Board

To: The Directors, Telstra Corporation Limited

Background

Telstra's current lead auditor, Mr Stephen John Ferguson, has been primarily responsible to Ernst & Young for the conduct of the audit of Telstra's financial accounts for each financial year since FY2011 and as such is taken to be a person who has played a significant role in the audit of the company in each of those years for the purposes of the *Corporations Act 2001* (Act).

The Act prohibits a person playing a significant role in the audit of a listed company for more than 5 successive financial years or for more than five out of any seven successive financial years, unless approval is granted by the board or relief is obtained from ASIC.

Recommendation

The Audit & Risk Committee recommends that the Board grant approval under section 324DAA of the Act, for the company's current lead auditor, Mr Stephen John Ferguson, to continue to play a significant role in the audit of Telstra as lead auditor for one additional financial year, being the financial year ended 30 June 2016.


Reasons for Recommendation

The Audit & Risk Committee makes the above recommendation on the basis that the Committee is satisfied that approval (if granted):

- (a) is consistent with maintaining the quality of the audit provided to the company; and
- (b) would not give rise to a conflict of interest situation (as defined in section 324CD of the Act), for the following reasons:
 - (c) Mr Ferguson's appointment as lead auditor for Telstra occurred during the second half of FY2011. As such, whilst he had full carriage of the audit in relation to Telstra's FY2011 reporting, in practical terms he has been involved in the audit for only approximately 4 calendar years. In that context the Committee considers that approving Mr Ferguson continuing as lead auditor for an additional financial year will allow the company to enjoy the benefits of Mr Ferguson's experience in the role for a full five years and contribute to the efficiency of the audit, without compromising auditor independence. In addition, the Committee has just completed the identification of a suitable successor as lead auditor and intends that a transition process will now commence. The Committee considers that the continuation of Mr Ferguson as lead auditor in FY2016 would facilitate an effective handover. The scale and complexity of Telstra's business is such that continuity throughout the duration of the handover process is desirable to maintain the quality of the audit for the financial year ending 30 June 2016 and beyond;
 - (d) The Committee has been satisfied with the quality of Ernst & Young and Mr Ferguson's work as auditor. Mr Ferguson has led a process of continuous improvement which is ongoing and the Committee believes this will continue if Board approval to the extension of Mr Ferguson's term is granted;
 - (e) The Company maintains, and will continue to maintain, robust auditor independence policies and controls to ensure the independence of the auditor is maintained. The Committee is satisfied that the independence of the auditor has been maintained to date in accordance with these policies and controls, including the Committee's oversight of the Company's relationship with the external auditor. The Committee is not aware of:
 - (i) any reason why granting approval for Mr Ferguson to continue as lead auditor for an additional financial year would compromise the auditor's independence or impartiality or alter the Committee's view that the auditor remains independent; or
 - (ii) any conflict of interest situation that will, or is likely to arise, as a result of the Board granting the recommended approval.

Authorisation

This recommendation has been endorsed by a resolution passed by the Audit & Risk Committee. The Committee makes this recommendation in accordance with subsection 324DAB(2) of the Act


Nora Scheinkestel
Chairman, Audit & Risk Committee,
on behalf of the Audit & Risk Committee

11 February 2015