

Independent Limited Assurance Report in relation to Telstra Corporation Limited's 2015 Sustainability Reporting

Our Conclusion:

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

To the Management and Directors of Telstra Corporation Limited

We have carried out a limited assurance engagement in order to state whether anything has come to our attention to suggest that the agreed environmental and social data as reported in Telstra Corporation Limited's ('Telstra') 2015 Annual Report and Bigger Picture Sustainability Report (collectively referred to as 'the Report') has not been presented in accordance with the criteria listed below.

Subject Matter

The Subject Matter for our limited assurance engagement for the year ending 30 June 2015 is the 22 metrics listed below and related performance disclosures included in the Report, and Telstra's sustainability materiality assessment process as disclosed in the 'Sustainability at Telstra' chapter of the Report.

Area	Metric
Environmental metrics	
Carbon and energy	Total carbon emissions (scope 1, scope 2 and scope 3) (tCO ₂ -e)
	Emissions by source (tCO ₂ -e)
	Energy consumption by source (GJ)
	Total energy use – stationary and transport (GJ)
	Stationary and transport energy by source (%)
	Emissions intensity (tCO ₂ -e/TB)
	Network emissions (percentage of total emissions)
	Annualised emissions savings resulting from project initiatives in FY15 (tCO ₂ -e/year)
	Annualised network energy savings resulting from project initiatives (GJ)
	Annualised commercial energy savings resulting from project initiatives (GJ)
Waste	Air travel (km)
	Total waste and recycling by disposal type (t)
Paper	Mobile Muster contribution (t)
	Total paper consumption (t)
Water	Paper by type (t)
	Water consumption (kL)
Social metrics	
Human resource	Number of discrimination and bullying complaints, broken down by type of complaint (#)
Community	Employee volunteering days on Telstra time (days)
	Digital literacy training (number of people reached)
Learning and development	Number of employees who undertook core capabilities training (#)
	Number of employees who undertook leadership training (#) and dollar spend on leadership development (\$)
	L&D total spend overall (\$) and per employee (\$/FTE)

Criteria

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

- ▶ The “Process for Defining Report Content” as outlined in the Global Reporting Initiative (‘GRI’) G4 Sustainability Reporting Guidelines – Implementation Manual, consisting of the steps of identification, prioritisation, validation and review.
- ▶ *National Greenhouse and Energy (Measurement) Determination 2008*, including the *National Greenhouse and Energy Reporting (Measurement) Amendment Determination 2014 (No. 1)* (the ‘Measurement Determination’)
- ▶ Telstra’s reported criteria as detailed in the Glossary document at www.telstra.com/sustainability/report for:
 - Scope 3 greenhouse gas emissions
 - Emissions intensity (tCO₂-e/TB)
 - Network emissions
 - Energy and emission savings
 - Air travel
 - Waste
 - Paper
 - Water consumption
 - Human resources metrics
 - Community metrics
 - Learning and development metrics

The Responsibility of Management

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

Assurance Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement in accordance with the Criteria. We conducted our limited assurance engagement in accordance with:

- ▶ *ISAE 3000 International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*
- ▶ *ASAE 3410 Assurance Engagements on Greenhouse Gas Statements*
- ▶ *National Greenhouse and Energy Reporting (Audit) Determination 2009*
- ▶ The terms of reference for this engagement as agreed with Telstra

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

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

Work Performed

Our assurance procedures included, but were not limited to:

- ▶ Gaining an understanding of the environmental and social reporting processes supporting the business activities
- ▶ Conducting site visits at three sites to identify material sources of energy and diesel consumption, and sources of greenhouse gas emissions, and understand the basis for measurement and preparation of the metrics and the Report
- ▶ Conducting interviews and collation of evidence to understand processes and controls supporting environmental and social data
- ▶ Checking environmental and social methodologies have been correctly applied as per the Measurement Determination and methodologies outlined in the Glossary document at www.telstra.com/sustainability/report
- ▶ Undertaking analytical procedures to support the reasonableness of environmental and social data and disclosures
- ▶ Identifying and testing assumptions supporting the calculations of environmental and social data
- ▶ Testing on a limited sample basis documentation supporting calculations to underlying source information of social and environmental data
- ▶ Testing on a limited sample basis the effectiveness of the controls established by Telstra
- ▶ Checking the appropriateness of the presentation of the information in the Report
- ▶ Checking Telstra's self-assessment of its sustainability material issues against GRI's principle of materiality

Use of our Report

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

Independence, Competence and Experience

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

Limitations

The Subject Matter of our work did not include:

- ▶ Management's forward looking statements
- ▶ Any comparisons made against historical data.

Matters Relating to Electronic Presentation of Information

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

Conclusion

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

Ernst & Young

Ernst & Young
Melbourne, Australia
12 August 2015