



17 August 2017

The Manager

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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

2017 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.

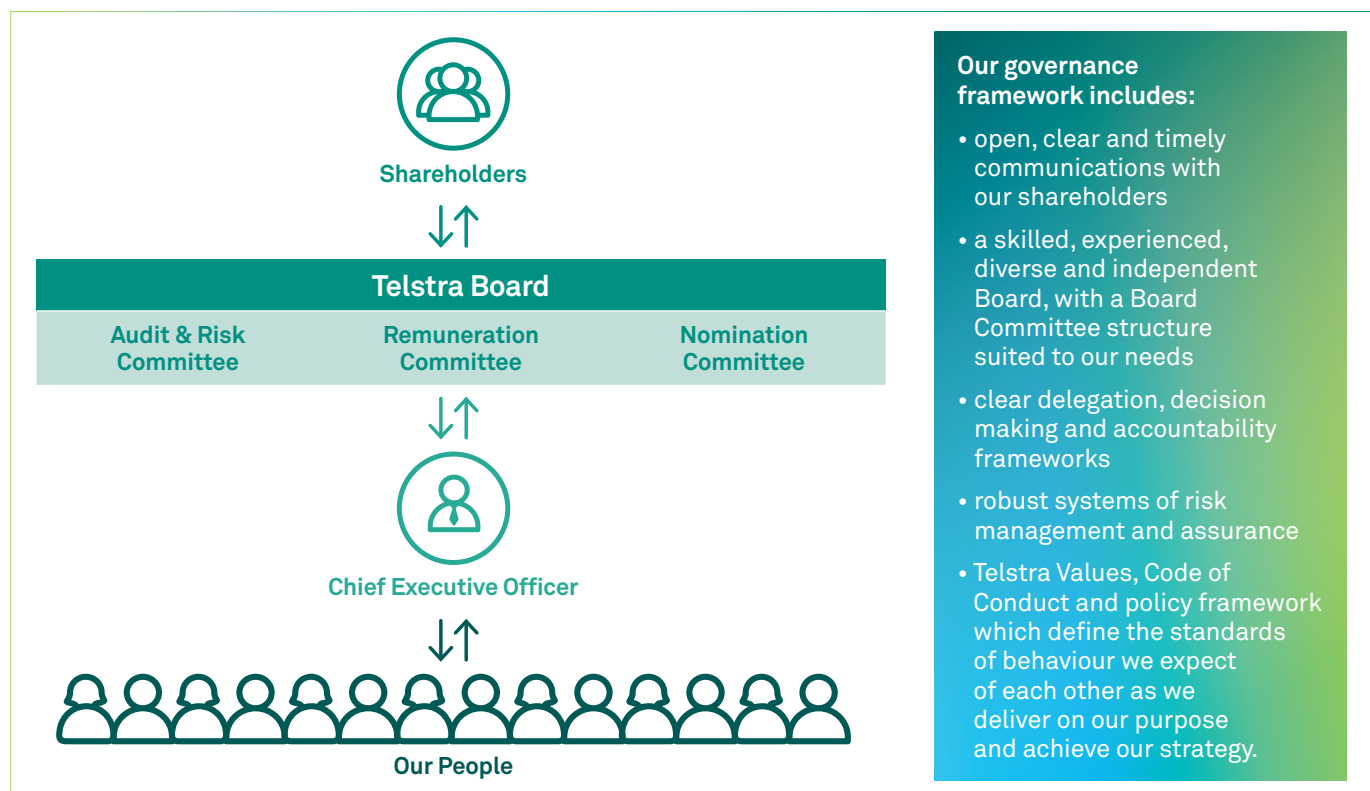
We are pleased to present our 2017 Corporate Governance Statement, which details our key governance arrangements and practices at Telstra.

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. Further information about Governance at Telstra can be found in the corporate governance section of our website at telstra.com/governance (governance website).

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

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.



1 | Engaging with our shareholders



Telstra Annual General Meeting 2016

We value and facilitate a direct, two-way dialogue with our shareholders and investors. It is important we provide relevant information as quickly and efficiently as possible to shareholders (recognising the importance of meeting our continuous disclosure and other legal obligations to the market), and listen to and understand their perspectives and respond to their feedback.

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 FY17 these included:

- **Retail shareholder information briefings** – as we have done in recent years, before our 2016 Annual General Meeting (AGM) we held three retail shareholder information briefings with the CEO, CFO or other senior executives. Briefings were held in Melbourne, Sydney and Brisbane and were also webcast live on-line and to locations in Adelaide, Perth and Canberra. Over 600 retail shareholders attended the briefings. We intend to hold similar briefings again this year ahead of our 2017 AGM.
- **Encouraging questions in advance of our AGM** – we encouraged shareholders to provide us with their questions ahead of our 2016 AGM, consistent with our approach in previous years, and we received more than 900 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 about events and matters relevant to our company such as our results announcements, dividend payments and AGM. Shareholders can also contact us (and our share registry) electronically.
- **Investor briefings** – in November 2016, we held an Investor Day which included presentations on our corporate strategy, our capital allocation review and details on our up to \$3 billion incremental capital expenditure program over three years from FY17-19. We communicated with our shareholders via email and the ASX market announcements platform, informing them where they could view the presentations and a recording of the event.
- **Capital allocation review** – in November 2016 we informed our shareholders that we would review our capital allocation strategy over the next 6-12 months, taking into consideration the long term business and financial profile of Telstra. We sought feedback from all of our stakeholders and have received over 500 responses from our shareholders.
- **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.

2 | The Board of Directors



From left to right: (Standing) Craig Dunn, Nora Scheinkestel, Steven Vamos, Russell Higgins AO, Trae Vassallo, Peter Hearl. (Seated) Margaret Seale, John Mullen, Jane Hemstritch, Andrew Penn.

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 the Board is required by law to approve, the key responsibilities of the Board include:

Strategy and corporate plan

- approving our strategy and monitoring its implementation
- approving our corporate plan and monitoring our performance against it.

The CEO

- appointing the CEO, assessing his performance and determining his remuneration.

Senior management, remuneration and performance

- approving the appointment and remuneration of senior management and overseeing their performance, as well as approving our overall remuneration framework.

Financial and risk management

- overseeing our financial position and approving decisions about our capital management, including share buy backs and dividends
- overseeing our external audit activities and monitoring our internal audit activities and internal control and reporting systems
- reviewing the risks faced by the company that have the potential to have a material impact on Telstra's business and overseeing the risk management framework implemented by management to identify and manage those risks.

Governance, compliance and diversity

- monitoring and influencing our culture, reputation, ethical standards and legal compliance, and overseeing our corporate governance framework
- overseeing and monitoring the effectiveness of our sustainability strategy
- monitoring our health, safety and environmental performance
- overseeing shareholder reporting and communications and the process for complying with our continuous disclosure obligations, and
- setting our diversity objectives.

The Board has adopted a Board Charter that details its role and responsibilities (which can be found on our governance website).

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. The Board reviews these delegations annually.

The matters that have not been delegated to management include matters that relate to:

- significant expenditure and acquisition and divestment transactions in excess of discretionary limits delegated to the CEO by the Board
- material variations to the annual corporate plan
- capital management initiatives including payment of dividends, share issues and buy backs and returns of capital
- related party transactions that require shareholder approval
- transactions between a Telstra Group entity and any Director of Telstra Corporation Limited (or an entity controlled by a Director), unless the transaction is trivial or domestic in nature
- National Broadband Network transaction related matters expressly reserved for the Board
- matters requiring approval by the Board or one of its Committees under the terms of their respective Charters, and
- transactions imposing personal obligations on Directors.

The delegations from the Board to the CEO are complemented by a formal structure setting out the delegations from the CEO to our people, which are also reviewed from time to time and any material changes are notified to the Audit & Risk Committee.

2.2 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, John Mullen, is an independent non-executive Director. He has been a Director of Telstra since July 2008 and was appointed Chairman in April 2016.

The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and Telstra and to ensure the Board fulfils its obligations under its Charter. The Chairman's responsibilities are set out in more detail in the Board Charter.

2.3. Board composition, tenure, renewal and Director appointment

The Board actively seeks to ensure it has an appropriate mix of 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.

As at the date of this statement, we have 10 Directors on the Board, comprising nine 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 accompanying our 2017 Directors' Report.

During FY17, there were two changes to the Telstra Board:

- Jane Hemstritch joined the Board as a non-executive Director and member of the Remuneration Committee, with effect from 12 August 2016. She was elected by shareholders at our AGM in October 2016. She is an experienced company director and has extensive senior executive experience in information technology, communications, change management and accounting. She also has broad experience across the financial services, telecommunications, government, energy and manufacturing sectors and in business expansion in Asia.
- Chin Hu Lim retired at the conclusion of our AGM in October 2016, having served as a non-executive Director since 2013.

Board composition

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.

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.

The 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 (deliver brilliant customer experiences, drive value and growth from the core and build new growth businesses close to the core), as well as other areas of general relevance to the composition of the Board.

The areas addressed in the Board skills matrix are:

Strategic Priorities/Areas	Skills Matrix			
Deliver brilliant customer experiences	• Marketing, Retail, Sales, Distribution	• Telecommunications	• Regulated Utilities & Infrastructure	
	• General, Business Management & Entrepreneurship	• Engineering & Networks	• Construction, Building & Property	
Drive value and growth from the core	• Highly Competitive & Dynamic Markets	• Information & Technology	• Government, Government Relations & Policy	
	• China & Asia	• Innovation, Science & Technology		
Build new growth businesses close to the core	• Other Geographical Expertise and Experience	• High Technology & Research Intensive		
		• Health Industry & Medical		
		• Multimedia		
Other areas	• CEO Level Experience	• Accounting, Finance & Audit	• Legal, Governance & Compliance	
	• Other NED Experience	• Banking, Treasury & Capital Markets	• Risk Management	
			• Labour Relations, Human Resources & Remuneration	

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. The Board also continues to seek ways to augment the skills, experience and expertise represented on the Board to best equip the Board to fulfil its role effectively.

In respect of diversity, at Telstra diversity means difference, in all its forms, both visible and not visible, and includes differences that relate to gender, age, cultural background, disability, religion and sexual orientation, as well as differences in background and life experience, and interpersonal and problem solving skills.

For FY17, 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, with an aspiration to achieve 40 per cent female representation among non-executive Directors by 2020. As at 30 June 2017, there were four female Directors on the Board (including the Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 44 per cent.

For FY18, the Board's diversity objective is that there will be at least four women on the Board, representing a female gender representation among non-executive Directors of at least 40 per cent, recognising that the level of gender diversity of the Board may be temporarily affected during periods of Board renewal.

Board tenure and renewal

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.

During FY17, as part of its Board and Committee membership review, the Nomination Committee considered the tenure of Dr Nora Scheinkestel as Chairman of the Audit & Risk Committee. The Nomination Committee determined that, taking into account recent Board renewal and succession planning, as well as corporate memory and the work being done to refresh the approach to risk oversight, it remained appropriate for Dr Scheinkestel to continue to lead the Committee.

Director appointment, election and re-election

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.

In respect of the appointment of Ms Hemstrich, an executive search firm was engaged and we undertook appropriate checks before Ms Hemstrich was appointed by the Board.

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.

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.

2.4 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.

2.5 Review of Board and Director performance

The Board reviews its performance annually, as well as the performance of each Committee 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.

Given the significant degree of renewal on the Board in 2016, including the retirement of three long standing Directors, the Board undertook a performance review in the first half of FY17, including a review of Board, Committee and individual non-executive Director performance (including the performance of the Chairman as Chairman), with the assistance of an external consultant.

The process incorporated a number of components including a Board paper review, the external consultant attending a Board meeting as an observer, structured interviews with Directors and selected senior management, and Board and individual Director feedback.

The review included consideration of matters relating to the Chairman transition, Board composition, governance, the structure of Board and Committee meetings and the functioning of the Board and its Committees, as well as the Board's oversight of strategy execution and risk management, the Board's relationship with management and its exposure to the business.

At the start of FY18, the Board conducted a further internal performance review to assist the Board in further reflecting on the evolution of its operation. The process incorporated a number of components including:

- a structured discussion amongst the Directors on Board, Committee and Director (including Chairman) performance,
- one-on-one review meetings between the Chairman and each Director, and between the Chairman of the Audit & Risk Committee and the Chairman in respect of Mr Mullen's performance as Chairman, which provided further input to support recommendations to be made in relation to those Directors who will be standing for election or re-election at the 2017 AGM.

The review also included an assessment of the performance of the Board and its Committees against the requirements of their charters. Self-assessment reviews were also undertaken by each standing Board Committee in respect of their performance during FY17 and provided to the Board.

The overall assessment of the performance reviews included that the Board continues to perform well in discharging its responsibilities and helping the company navigate the range of opportunities and challenges we face.

The Board reviews the CEO's performance annually against agreed measures and other relevant factors. The CEO undertakes a similar exercise in relation to senior executives. The outcomes of the CEO's annual review of senior executive performance and remuneration are subject to Board review and approval. Reviews of the performance of the CEO and senior executives were undertaken at the end of FY17. Information about our remuneration framework and policies, and details of the remuneration outcomes for FY17 for the CEO and senior executives, can be found in our 2017 Remuneration Report (which forms part of our 2017 Directors' Report).

2.6 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 the risks faced by us that have the potential to have a material impact on our business 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 FY17 included:

- continued in depth consideration of our strategy over the short, medium and longer term
- Telstra's commitment to invest an extra up to \$3 billion over three years (announced in August 2016) from FY17-19 on our networks for the future, digitisation and customer experience
- the review of our capital allocation strategy taking into consideration the long term business and financial profile of Telstra
- with the assistance of the Audit & Risk Committee, a refreshed approach to the identification and formulation of Telstra's key risks and the effectiveness of risk management at Telstra
- the Australian Competition & Consumer Commission's inquiry into whether to declare a wholesale domestic mobile roaming service, and
- a Board visit to the US which provided an opportunity for Directors to gain global perspectives and insights on digital journeys at other large complex incumbent firms, as well as topics relevant to Telstra's strategy, our market challenges and opportunities.

2.7 Director induction, training and continuing education

All new Directors participate in an induction process coordinated by the Company Secretary, which assists in providing a smooth transition for new Board members. 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 and stakeholders, as well as attendance at relevant industry conferences.

2.8 Board access to management and independent professional advice

Directors have complete access to our senior management team 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.

2.9 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.

2.10 Company Secretary

The Company Secretary is appointed by the Board. He 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 and coordinating all Board business, providing a point of reference for dealings between the Board and management.

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 FY17), 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 2017 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"> • assists the Board with matters relating to financial reporting, risk management, compliance (including health, safety and environmental performance), 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 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 assists the Board with 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) • diversity (excluding Board diversity) • employee equity plans, and • management succession, capability and talent development. 	<p>The Nomination Committee assists the Board with 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 must, 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, and • 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 and the ASX Recommendations.</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, 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 and the ASX Recommendations.</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> <p>Our Nomination Committee structure complies with the ASX Recommendations.</p>
Membership as at 30 June 2017	Nora Scheinkestel – Chairman Craig Dunn Russell Higgins AO Margaret Seale	Peter Hearl – Chairman Jane Hemstritch Russell Higgins AO Steven Vamos	John Mullen – Chairman Peter Hearl 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. 	<p>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.</p>



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 standing Committees during FY17, and attendance by Directors, can be found in our 2017 Directors' Report. Information on the relevant qualifications and experience of Committee members can also be found in the Board of Directors section accompanying our 2017 Directors' Report.

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

During FY17, the Board established the Capital Allocation Review Committee to assist the Board in discharging its responsibilities by monitoring, overseeing and reviewing the strategic review of Telstra's capital management framework, including use of nbn related proceeds and Telstra's approach to portfolio management and strategic investments. As at 30 June 2017, the members of the Committee were John Mullen (Chairman), Nora Scheinkestel (Audit & Risk Committee Chairman), Craig Dunn and Andrew Penn (CEO). Nora Scheinkestel is the Chairman of the Capital Allocation Review Committee.

4 | Assurance and risk management



4.1 External auditor

Our external auditor is EY. A rotation of our lead EY partner occurred following completion of our FY16 audit, with Mr Andrew Price replacing Mr Stephen Ferguson.

Our EY lead auditor 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 FY17, 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 7.2 to our Financial Statements in our 2017 Financial 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 strategy and business objectives and our legal and regulatory obligations, and to make informed business 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.

Our risk management framework is designed, implemented and reviewed via our 'three lines of defence' accountability model, which comprises the following:

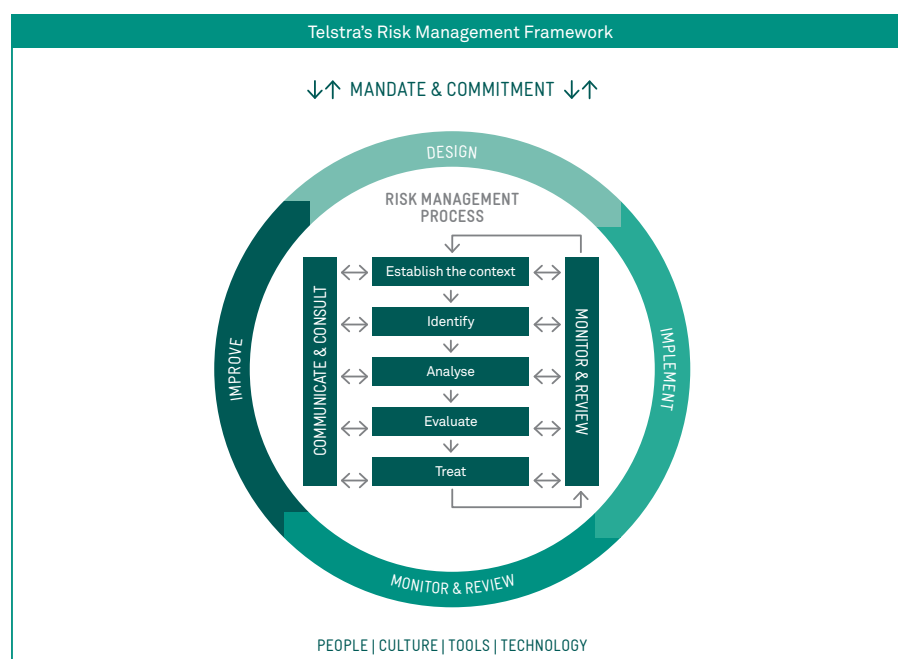
- **First Line** – business stakeholders and operational management who are responsible for identifying, assessing and managing their risks
- **Second Line** – the Chief Risk Office and risk management teams in the business units, which are responsible for risk and compliance frameworks, oversight and monitoring
- **Third Line** – our Group Internal Audit function, which is 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 and regulatory, as well as economic, environmental and social sustainability risks.

A summary of the material risks that could affect Telstra (including any material exposure to economic, environmental and social sustainability risks), and how we seek to manage them is provided in the Our material risks section of our 2017 Operating and Financial Review. These risks are monitored for changes in their exposure and are reported to the Board (including its Committees) during the course of the year, along with their related controls and treatment plans.

The Audit & Risk Committee assists the Board in the review and identification of risks through more detailed consideration of selected risks. The Committee also reviews and monitors the adequacy and effectiveness of management's processes for identifying, managing, reporting on and responding to risks.

We also have in place a Management Risk Committee which is the peak management governance committee for risk management across Telstra. It is a forum to assist the CEO, supported by the CEO Leadership Team, to ensure that Telstra management implements an effective risk management and internal control framework to identify, manage and monitor Telstra's risks, and for the review and consideration of risk management responsibilities.



The Management Risk Committee provides senior management with more detailed and timely insight into and understanding of our key risks and controls, including current and emerging risks, compliance, privacy, fraud, business integrity and business continuity matters, and internal audit activities.

We consider economic, environmental and social sustainability factors as part of our consideration of our risks. Each year we undertake an assessment to help us determine those risks and opportunities that are most important to our business and stakeholders. Important topics identified this year included customer experience, privacy and data security, diversity and inclusion, ethics, values and governance, and digital inclusion, as well as energy and emissions. More information about this assessment, along with our approach to sustainability and performance throughout FY17, is available in the Bigger Picture 2017 Sustainability Report at telstra.com/sustainability/report.

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 at least annually 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.

During FY17 we refreshed our approach to risk management, including the identification and formulation of our key risks, to support the business as we continue to experience changes driven by market developments, technological innovation and the continued evolution of our customers' and stakeholders' needs and expectations. In respect of FY17, the Audit & Risk Committee has reviewed Telstra's risk management framework and satisfied itself that it continues to be sound.

4.4 CEO and CFO declarations

In connection with our financial statements for the financial year ended 30 June 2017, and the half-year ended 31 December 2016, our CEO and CFO have provided the Board with declarations that:

- in their opinion, the financial records of Telstra have been properly maintained
- 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 we expect of each other as we deliver on our purpose and achieve our strategy.

Our purpose	Why we exist	
Our values	What we stand for	How we do things
Our strategy	Where we are going	What we are going to do

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
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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

Health, Safety and Environment (HSE) – recognising our commitment to the health, safety and wellbeing of our staff, contractors and community as well as to the environment. In addition to highlighting the importance of caring about health and safety, it sets out our commitment to initiatives that reduce HSE risk in our operations and build a high performing HSE culture, where sharing insights and learnings are the norm. We encourage employees, contractors and suppliers to openly report HSE issues, incidents and hazards, and use data and analytics to support managers in making sound decisions on corrective actions and controls. Established HSE governance forums help manage progress against our HSE strategy, monitoring our performance through regular reporting to the Board, Audit and Risk Committee, executive leadership team and senior managers.

Diversity and Inclusion – reflecting the way we value diversity and inclusion at Telstra and their role in enabling us to achieve our strategy, and providing the framework for the Board to establish our measurable objectives.

Discrimination and Bullying – aiming to ensure we have a workplace free of all forms of unlawful discrimination, harassment, bullying and victimisation.

Our customers

Privacy – setting out our commitment to protect our customers' personal information. This outlines how and why we collect personal information, 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 can be found in the Bigger Picture 2017 Sustainability Report and on our website [telstra.com/privacy](https://www.telstra.com/privacy) (which includes 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 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 – helping our employees and contractors understand what would be a conflict of interest, how to avoid actual, perceived or potential conflicts of interest, and how to manage them if a conflict arises.

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 matters that are within the reserved powers of the Board (and responsibility for which has not been delegated to management) or matters that are otherwise of fundamental significance to Telstra, 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. We provide advance notification of significant group briefings, such as our results announcements, and make them widely accessible through the use of webcasting and placing all announcements made to the market on our website at telstra.com.au/aboutus/investors/announcements

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.

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 nbn™, 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.

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 and social impacts. Information about our approach to sustainability can be found in our Bigger Picture Sustainability Report available on our website at telstra.com/sustainability/report

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.

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 where appropriate the implementation of actions, and our Audit & Risk Committee oversees the whistleblowing process.

Additional information about our governance framework (including our Code of Conduct, securities trading and diversity and inclusion policies and a summary of our market disclosure policies) can be found on our governance website.

6 | Diversity and inclusion at Telstra

We value diversity and inclusion and the benefits they bring to the Telstra Group in achieving our objectives, enhancing our reputation, and attracting, engaging and retaining talented people.

At Telstra, diversity means difference, in all its forms, both visible and not visible, and includes differences that relate to gender, age, cultural background, disability, religion and sexual orientation, as well as differences in background and life experience, and interpersonal and problem solving skills.

The diversity of our people should reflect our diverse, global customers and the countries where we operate. The strategies we employ to support diversity and enable inclusion are in service of our business strategy, as well as imperatives around fairness and corporate social responsibility.

We recruit, develop, promote and pay our people in a way that supports our commitment to being more diverse and inclusive. We are also open to considering flexible ways of working in every role. Everyone has a part to play in actively and intentionally behaving with inclusion in mind.

Our approach to 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, along with our diversity policy and leadership framework, we reinforce our expectations of all leaders to lead inclusively and value difference. We also have an active Diversity Council in each of our Business Units.

Our diversity policy provides the framework for the Board to set our measurable objectives for achieving diversity and to annually assess our progress in achieving them. The table below summarises these objectives and our progress against them, as at 30 June 2017.

Measure	Progress/Result in respect of FY17 (or as otherwise stated)	Objective in respect of FY18 (or as otherwise stated)
Women on the Board	<p>Objective – There will be at least three 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.</p> <p>Progress – As at 30 June 2017, there were four female Directors on the Board (including the Chairman of the Audit and Risk Committee), representing a female gender representation among non-executive Directors of 44%.</p>	There will be at least four women on the Board, representing a female gender representation among non-executive Directors of at least 40%.
Female representation in graduate intake	<p>Objective – 45% female representation in graduate intake selected in 2017, with an aspiration to achieve 50% female representation by 2020.</p> <p>Result – 52.7% female representation in graduate intake selected in 2017.</p>	50% female representation in the graduate intake selected in 2018, with an aspiration to also achieve 10% representation of people with a disability and 5% Indigenous representation among the graduate intake by 2020.
Promotion rates for women	<p>Objective – Promotion rates for women to exceed their representation at Business Unit level.</p> <p>Result – Promotion rates for women exceeded their representation in Telstra overall, and in eight out of 11 business units.</p>	Promotion rates for women to exceed their representation at Business Unit level.
Engagement of identified groups ⁱ	<p>Objective – Engagement of identified groups equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant.</p> <p>Result – Engagement of women exceeded the Telstra-wide engagement score. Engagement of Indigenous employees, employees with a disability, culturally and linguistically diverse employees and gay, lesbian, bisexual, transgender and intersex employees was lower than overall engagement, with the differences for employees with a disability and culturally and linguistically diverse employees being statistically significant. In order to achieve our FY18 targets for engagement of identified groups, we will continue our efforts through inclusive leadership learning experience, to help leaders better understand bias and adopt inclusive leadership behaviours and enable flexible ways of working to recognise the varied priorities, passion and interests that our people have in and out of Telstra.</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 – Female representation at 30 June 2017 of 32% (Telstra Total) and 30% (Executive Management). For FY20 – 35% (Telstra Total) and 40% (Executive Management).</p> <p>Result – 30.1% (Telstra Total) and 27.8% (Executive Management).</p>	<p>FY18 – Female representation at 30 June of 32% (Telstra Total) and 30% (Executive Management).</p> <p>FY20 – Female representation at 30 June of 35% (Telstra Total) and 40% (Executive Management).</p>

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

ⁱⁱ 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.

6.1 Gender equality

This year female representation across Telstra Corporation Limited and its wholly owned subsidiaries decreased 0.5 percentage points. We saw increases in female representation in some Telstra business units, however a number of exits due to structural changes in parts of our business have resulted in the overall Telstra Total position remaining relatively flat throughout the year, ending at 30.1% (9,384), a 0.5 percentage point decrease from our 30 June 2016 position of 30.6%.

We are committed to achieving gender equality at Telstra and have a broad range of policies, programs and engagement initiatives in place to help us achieve this goal. Our initiatives include:

- our CEO, Andrew Penn, is an active member of the 'Male Champions of Change', and this has translated into commitments across the organisation as part of our 'Men's Responsibility for Gender Equality' initiative that we launched in October 2016.
- to formally drive gender equality across Telstra and ensure a standard of equality across our recruitment process, in March 2017 we introduced a new recruitment shortlist gender equality procedure that mandates a minimum female representation of 50 per cent on shortlists and interview lists for all roles (except some specified roles where a 25 per cent requirement applies due to a known significant gender imbalance in the job market). After three months in operation, we have seen strong progress, including a 6.5 per cent increase in female representation in shortlists and a 5.7 per cent increase in female commencements.
- we encourage our people to get involved by joining our Brilliant Connected Women network – a forum that now has over 2,000 members, male and female, who are committed to advancing gender equality in our business.
- we remain a formally accredited White Ribbon Workplace, recognising our work to help stop violence against women and are a signatory to the UN Women's Empowerment Principles.
- we recruit, develop, promote and pay our people in a way that supports our commitment to being more diverse and inclusive. Gender pay equity continues to be a key area of focus and we remain vigilant about how we administer and apply policy to avoid any bias in performance assessment and remuneration decisions. We consistently work towards identifying, targeting and reducing any notable gender pay gaps through targeted gender reporting and education to support managers in identifying and addressing gender pay equity issues. Further information about our gender pay equity position is provided in our Bigger Picture 2017 Sustainability Report.



Representation of Women in Telstra as at 30 June 2017

Role	Number	%
Board ⁱ	4	44.4%
Executive management ^{*ii}	67	27.8%
– CEO	0	0%
– CEO-1	5	41.7%
– CEO-2	17	23.6%
– CEO-3	45	28.7%
Middle management ^{*iii}	2,920	27.9%
Operational ^{*iv}	6,400	31.3%
Telstra Total*	9,384	30.1%
Telstra Group Total**	10,018	29.7%

* 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 on our website at telstra.com.au/aboutus/investors/financial-information/financial-results

Notes:

- Number and percentage relates to non-executive Directors.
- Executive management comprises persons holding roles within Telstra designated as Bands A, B and C.
- Middle management comprises persons holding roles within Telstra designated as Band 1 or 2, or equivalent.
- Operational comprises persons holding roles within Telstra designated as Bands 3 or 4, or equivalent.

During the year, we were named as a 2016 Employer of Choice for Gender Equality by the Australian Government's Workplace Gender Equality Agency (WGEA). We are required by the Workplace Gender Equality Act 2012 to report our workforce gender profile as at 31 March each year. Our 2017 report was lodged with the WGEA on 31 May 2017 and is available on our website at telstra.com/governance

6.2 Board diversity

As outlined earlier, for FY17 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, with an aspiration to achieve 40 per cent female representation among non-executive Directors by 2020. As at 30 June 2017, there were four female Directors on the Board (including the Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 44 per cent.

For FY18, the Board's diversity objective is that there will be at least four women on the Board, representing a female gender representation among non-executive Directors of at least 40 per cent, recognising that the level of gender diversity of the Board may be temporarily affected during periods of Board renewal.

The Board has a number of initiatives in place to meet its strategic imperative of ensuring the company has a diverse Board and to achieve its Board diversity 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) Chair's Mentoring Program, as well as individual mentoring with executives in the public, private and not for profit sectors.

6.3 Employee diversity and inclusion

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

Indigenous Employment – To attract and retain more Indigenous employees to Telstra, this year we provided new mentoring and engagement opportunities for 15 new Indigenous employees and interns, and created 25 new Indigenous traineeship and internship opportunities across many business units. These include our field-based traineeships, with nine trainees joining Telstra in this program, due to begin working at Telstra in 2019. This year, we also recruited five new Indigenous graduates in disciplines such as Business, Commerce, Finance, Marketing and Human Resources, representing 2.7 per cent of our total graduate intake.

Employment for People with a Disability – During FY17, we've hired 16 new employees who identify as living with a disability, and this year we continued to be the largest corporate provider of the Australian Network on Disability Stepping Into internship program, for university students with a disability.

We hosted 43 students in FY17, and two have secured ongoing work at Telstra. In our most recent graduate intake 3.3 per cent of those selected identified as living with a disability.

LGBT+ inclusion – Lesbian, Gay, Bisexual, Transgender and Intersex (LGBT+) inclusion is important to us. We want our people to bring their whole selves to work and to feel comfortable doing so. We have long shown our support for LGBT+ inclusion by supporting events like Wear it Purple Day, International Day Against Homophobia, Biphobia and Transphobia and the Midsumma queer arts and entertainment festival. Within our business, this year we grew our LGBT+ employees and allies network to over 2,000 members, including 149 Executive Ally Champions for LGBT+ Inclusion. As a supporter of marriage equality, we continue to show our support of diversity, inclusion and equality, while recognising and respecting the right of the individual to hold their own view on this issue. In 2017 we reaffirmed our support for the Equality Campaign, a joint initiative of Australian Marriage Equality and Australians for Equality.

External Recognition – In the past year, Telstra has received external recognition for our Diversity & Inclusion work as a Top 100 Workplace in the Thomson Reuters Global D&I Index, a Top 20 employer for LGBT+ inclusion in the Australian Workplace Equality Index, a Silver employer for LGBT+ employees in the Hong Kong LGBT+ Index, Distinguished Performance as Best Employer and Best Practices for LGBT Asian Employees in the 2017 Asia Society Best Employer and Best Practices Award, and we were proud winners of the Big Business Category in the 2017 Australian Multicultural Marketing Awards for our "Place to Belong"™ segmented Indigenous employment brand.

Other information

This Corporate Governance Statement was approved by the Board of Telstra Corporation Limited on 17 August 2017 and the information contained in it is current as at that date, unless stated otherwise.

This statement, together with our 2017 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 17 August 2017.

This statement and our ASX Appendix 4G can also be found on our governance website at telstra.com/governance

References to our 2017 Directors' Report, 2017 Financial Report and 2017 Operating and Financial Review are to the documents released to the ASX on 17 August 2017 entitled 'Financial results for the year ended 30 June 2017' which are available on our website at telstra.com/investor

Our 2017 Annual Report, which will also include these documents, will be lodged separately with the ASX around 1 September 2017 and will be available on our governance website following release. Our Bigger Picture 2017 Sustainability Report will also be released at a similar time.

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

*The spectrum device and ™ are trade marks and ® are registered trade marks of Telstra Corporation Ltd, ABN 33 051 775 556

** The Telstra Values (i.e. "Show you care", "Better together", "Trust each other to deliver", "Make the complex simple", "Find your courage") are registered trade marks of Telstra Corporation Ltd, ABN 33 051 775 556

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Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

Telstra Corporation Limited

ABN / ARBN

33 051 775 556

Financial year ended:

30 June 2017

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: telstra.com/governance

The Corporate Governance Statement is accurate and up to date as at 17 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located. In the annexure, references to our 2017 Directors' Report, 2017 Financial Report and 2017 Operating and Financial Review are to the documents released to the ASX on 17 August 2017 entitled 'Financial results for the year ended 30 June 2017' which are available on our website at telstra.com/investor. Our 2017 Annual Report, which will also include these documents, will be lodged separately with the ASX around 1 September 2017 and will be available on our governance website at telstra.com/governance following release. Our Bigger Picture 2017 Sustainability Report will also be released at a similar time.

Date: 17 August 2017

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	A listed entity should disclose: (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></p> <p><input type="checkbox"/> at <i>[insert location]</i></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>AND</u></p> <p><input checked="" type="checkbox"/> at Board Charter which is available at telstra.com/governance (Governance documents and information section)</p>
1.2	A listed entity should: (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></p> <p><input checked="" type="checkbox"/> at each AGM Notice of Meeting (in which all material information relevant to a decision on whether or not to elect or re-elect a director is included)</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<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 <i>[insert location]</i></p>
1.4	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>... 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 <i>[insert location]</i></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> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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>	<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</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at Diversity and Inclusion Policy which is available at telstra.com/governance (Governance documents and 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 <i>[insert location]</i></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 AND</u></p> <p><input checked="" type="checkbox"/> at Our 2016-17 Report lodged with the Workplace Gender Equality Agency on 31 May 2017 which is available at telstra.com/governance (Governance documents and information section)</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<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 <i>[insert location]</i></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 <i>[insert location]</i></p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<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 <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at Remuneration Report (which forms part of the 2017 Directors' Report), which includes details of the remuneration outcomes for the FY17 year for the CEO and senior executives.</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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>	<p>... the fact that we have a nomination 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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Nomination Committee Charter which is available at telstra.com/governance (Governance documents and 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 2017 Directors' Report (and the accompanying Board of Directors section)</p>
2.2	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>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR AND</u></p> <p><input checked="" type="checkbox"/> at Board of Directors section accompanying our 2017 Directors' Report</p> <p>... and, where applicable, 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 <i>[insert location]</i></p> <p>... and the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at Board of Directors section accompanying our 2017 Directors' Report</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
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 <i>[insert location]</i>
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 <i>[insert location]</i>
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 <i>[insert location]</i>
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 Telstra Group Code of Conduct which is available at telstra.com/governance (Governance documents and 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> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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>	<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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Audit and Risk Committee Charter which is available at telstra.com/governance (Governance documents and information section)</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at 2017 Directors' Report (and the accompanying Board of Directors section)</p>
4.2	<p>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>	<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 <i>[insert location]</i></p>
4.3	<p>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>	<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 <i>[insert location]</i></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	A listed entity should: (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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR AND <input checked="" type="checkbox"/> at Summary of Telstra's Market Disclosure Policy which is available at telstra.com/governance (Governance documents and information section)
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.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at telstra.com/governance
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>

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> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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>	<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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Audit and Risk Committee Charter which is available at telstra.com/governance (Governance documents and 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 2017 Directors' Report (and the accompanying Board of Directors section)</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<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 <i>[insert location]</i></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 <i>[insert location]</i></p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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>	<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 <i>[insert location]</i></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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at Strategy and Performance, Our Material Risks and Outlook sections of the 2017 Operating and Financial Review</p>
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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>	<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 <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Remuneration Committee Charter which is available at telstra.com/governance (Governance documents and 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 2017 Directors' Report (and the accompanying Board of Directors section)</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 Remuneration Report (which forms part of the 2017 Directors' Report)</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<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 Securities Trading Policy which is available at telstra.com/governance (Governance documents and information section)</p>