

INDEPENDENT ASSURANCE STATEMENT

To the Management and Stakeholders of Singapore Telecommunications Limited

Singapore Telecommunications Limited (SingTel) engaged Ere-S Pte Ltd (Ere-S) to provide independent assurance of its Sustainability Report 2014 (the Report).

Scope and type of assurance

The assurance focussed on all figures, statements and claims related to sustainability during the reporting period April 2013 to March 2014. Financial data or technical descriptions of equipment, buildings, software, and production processes were not included. The assurance also excluded other information not related to sustainability or already supported by existing documents, such as third-party audits or certifications, the SingTel Annual Report and previous SingTel Sustainability Reports. Ere-S did not verify the figures and findings from the stakeholder engagement exercise initiated in 2012 by a third party appointed by SingTel.

The level of the assurance was 'moderate' under AA1000 Assurance Standard (AA1000AS 2008). A moderate assurance is limited to management-level interviews and desktop review to gather evidence and verify data. Ere-S provided a 'Type 2' assurance in accordance with AA1000AS, which consists of:

- Evaluating the company's sustainability framework and processes using the inclusivity, materiality and responsiveness criteria of the AA1000 AccountAbility Principles (AA1000APS 2008), and
- Evaluating the quality of the reported sustainability performance information. To assess the quality of the disclosures, Ere-S used the Global Reporting Initiative (GRI) Reporting Principles: reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness.

Assurance methodology

The assurance procedures and principles used for this engagement were drawn from the International Standard on Assurance Engagements (ISAE 3000) and organised into a methodology developed by Ere-S, which consists of the following steps:

1. Identify and classify statements and data sets (over 250 for this engagement) according to the scope, data ownership and the type of evidence required for the verification process.

2. Carry out interviews with key functional managers and data owners at SingTel's Corporate Office, NCS Hub and SingTel Learning Centre to verify data (40 people were interviewed during this engagement). This step included the following:

- Enquiring about the quantitative and qualitative aspects of the Report disclosures, including performance information, policies, procedures and underlying management systems.
- Requesting evidence of the data sources and explanation of relevant collection and calculation methods to substantiate the figures and claims.
- Sampling quantitative data originating from multiple sources.
- Challenging claims made in the Report and, where possible, confirming the presented evidence, including calculation methods, criteria and assumptions, with multiple data owners and other documentation from internal and external sources.
- Crosschecking data with previous SingTel Sustainability Reports and SingTel's latest published financial results.

3. Assess the collected information and develop recommendations for immediate correction (where required) or future improvement of the Report content.

Responsibility and independence

This statement represents the independent opinion of Ere-S. The management of SingTel was responsible for the preparation of the Report and all statements and figures contained within it. The responsibility of Ere-S was to provide the assurance, to express conclusions in relation to the agreed scope and to prepare the assurance report and this assurance statement for the management of SingTel alone and for no other purpose. Ere-S was not involved in the development of the Report or the disclosed management processes; neither has Ere-S been engaged by SingTel for other projects. The activities of Ere-S are independent of SingTel and entail no financial interest in SingTel's business operations. Ere-S is not responsible for any actions taken by other parties resulting from the findings presented in this assurance statement.

Findings and observations

Compared to the assurance engagements conducted by Ere-S on SingTel's previous Sustainability Reports, progress has been observed in both the Report content and reporting processes. Among the most significant improvements, is an increase in the number of disclosures on performance and management approaches, particularly those related to environment and stakeholder engagement.

Generally, the Report content is clear and contains sufficient information to identify, understand and assess SingTel's key material aspects, boundaries and management approaches. The various statements and charts of current and historical figures based on the GRI standard facilitate comparisons with SingTel's sustainability performance in previous years and with other reports in the same industry. Although incurred fines are disclosed, the Report could be made more balanced with additional disclosures of any negative performance in other sustainability aspects.

There is also evidence of an overall strengthening of the underlying data collection and calculation procedures, including streamlining of audits and processes. This provided more confidence in the reliability of the information presented by the data owners during the assurance. Evidence provided to Ere-S included good to excellent levels of details and quality, with the majority of the data sets originating from the data management systems (environment, human resources and customers) of SingTel and NCS. When requested by Ere-S, data could be traced to the source.

Overall, a more consistent level of accuracy of the information was observed across the teams interviewed. However, some errors were detected by Ere-S during the assurance process. These include inexact transcription of data from the source and discrepancies in the formulation of the final figures. With the exception of a limited number of occurrences that required data collection trails and calculation methods to be substantially revised, all errors were minor and would not have notably affected the final figures disclosed in the Report.

The relevant data owners or the reporting team of SingTel took the required corrective actions for each inaccuracy found during the assurance. Ere-S crosschecked the final version of the Report to confirm the application of the required corrections.

Evaluation of the adherence to AA1000 AccountAbility Principles

Inclusivity - How the organisation engages with stakeholders and enables their participation in identifying issues and finding solutions.

The assurance findings confirm that SingTel has multiple engagement mechanisms in place, primarily targeted at customers and employees. These include surveys, contact points and, for employees, various meetings, conferences and consultations between the management and Union representatives. For both of these stakeholder groups, online platforms and social media appear to be increasingly important vehicles for expressing concerns to the company.

There is also evidence of engagement with other groups of stakeholders during the reporting period, including government agencies and community partners. The extensive stakeholder engagement exercise, begun in 2012, saw its second phase completed during this reporting period with surveys sent to key vendors and SMEs. This confirms that SingTel is making significant efforts to seek feedback from stakeholders.

Beyond the one-time stakeholder engagement exercise, however, there is little evidence of integrated and ongoing engagement practices in SingTel's business operations with stakeholder groups other than employees and customers, especially at decision-making levels. The assurance did find that formalised engagement mechanisms are being considered and developed.

Materiality - How the organisation recognises issues that are relevant and significant to it and its stakeholders.

SingTel has a range of underlying processes to assess and measure issues that are material to the company and its stakeholders. These processes are operationalised through the company's sustainability governance structure, including the Group CSR, the WSH Committee and supporting policies and systems (i.e. EMS, Supplier Code of Conduct). Additional new approaches were also implemented during the reporting period, such as the inclusion of online protection measures for customers, the development of sustainability criteria as part of the procurement policies, and the consolidation of the Fraud Investigation and Whistleblower Protection Policy.

In line with the current sustainability materiality review, further progress can be expected in the definition of new material topics and performance indicators for each key stakeholder group, most particularly amongst SingTel's supply chain.

Responsiveness - How the organisation responds to stakeholder issues and feedback through decisions, actions, performance and communication.

Several initiatives implemented by SingTel in the last few years provide evidence of responsiveness to stakeholder concerns. There is an increase in responsiveness to customers via online platforms and applications designed to solve technical issues

and provide information on current company developments. The most significant actions to address employees concerns during the reporting period include the enhancement of communication channels (public websites and internal portals), well-being initiatives and career development programmes.

For the reporting period, Ere-S has also observed responsiveness to environmental concerns. This includes green initiatives and further implementation of energy-efficient technologies. There is also evidence of proactive adaptation of internal processes and policies that not only comply with, but may go beyond, new regulatory requirements.

However, the Report would benefit from additional cases studies describing specific decisions and initiatives that directly result from engagement with a broader range of stakeholders. In that regard, additional action points are expected to emerge from the new sustainability governance structure and the results from the materiality review and stakeholder engagement exercise.

Conclusion

On the basis of a moderate assurance engagement according to the above-listed criteria, nothing has come to our attention that causes us not to believe that, in all material respects, SingTel's Sustainability Report 2014

- provides a credible and fair representation of the organisation's sustainability profile and a reasonable application of the AA1000 AccountAbility Principles, and
- includes statements and figures that achieve an adequate level of reliability and accuracy.

Within the scope of the assurance, the findings also provide confidence that the Report has been prepared in accordance with the GRI Reporting Principles.

Moving forward

For further improvement of sustainability reporting by SingTel, Ere-S recommends the following:

- Alongside the alignment of internal sustainability-related policies and processes at the Group level, SingTel should further strengthen internal data collection and reporting to ensure that all procedures are consistent, reliable and portable between different data owners or units. Specifically, Ere-S recommends the formalisation of a sustainability reporting register overseen by Group CSR that contains common key formulas, factors, assumptions and results formulations for use by all data owners.

- Although Ere-S commends SingTel's continuous improvement in adding new environmental performance figures in the Report, it recommends increasing social and economic disclosures as well. In addition, a greater number of negative outcomes should be highlighted and accompanied by relevant mitigation actions. 'Negative disclosures' could be determined by benchmarking data from other actors in the industry, or between the different entities within the Group (i.e., SingTel and Optus).

- Ere-S believes that the application of the above recommendations would complement the new sustainability governance structure and redefined goals and processes resulting from the current materiality review and stakeholder engagement exercise.

The above findings and additional suggestions for improvement have been presented to the management of SingTel in a more detailed assurance report.

Singapore, 20 June 2014



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Ere-S Pte Ltd is a consulting company specialising in business sustainability and provides services in the domains of sustainability reporting, sustainability report assurance, stakeholder engagement and CSR training. Our assurance team is composed of assurance practitioners with expertise in CSR and each member is required to follow Ere-S' assurance code of conduct, which can be found at <http://www.ere-s.com/assurance-code-of-conduct/>.