

# INDEPENDENT ASSURANCE STATEMENT

To the Management and Stakeholders of Singapore Telecommunications Limited

Ere-S Pte Ltd (Ere-S) has been engaged by Singapore Telecommunications Limited (Singtel) to conduct an independent assurance of the Singtel Group Sustainability Report 2015 (the Report). The engagement took place in May and June 2015.

## Scope and Limitations

The scope of the assurance included sustainability-related figures, statements and claims associated with Singtel operations in Singapore and Australia by its wholly owned subsidiary Optus during the reporting period April 2014 to March 2015. Group-level management approaches, such as policies and procedures, were also covered.

Disclosures on initiatives, processes and performance data specific to Optus were not assessed, with the exception of the following aspects, which were verified as part of a separate assurance engagement conducted on Optus Sustainability Report 2015: Energy use within the organisation (G4-EN3); GHG emissions scope 1, 2 and 3 (G4-EN15, G4EN16, G4EN17); Injury rates (G4-LA6); Average training hours (G4-LA9), Indirect economic impacts (G4-EC8) and Supplier human rights assessment (G4-HR10).

Therefore, with the exception of the above indicators, Ere-S findings and conclusion do not apply to performance figures where the totals include Optus data.

The assurance excluded 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. Financial figures, technical descriptions of equipment, software and production processes were also excluded. It was not within Ere-S's remit to verify that all elements provided in the GRI guidance (what to report) on each GRI indicator had been fully reported.

## Type of Assurance and Criteria

The assurance process was conducted under a moderate (or limited) level of assurance in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). A moderate assurance is limited to desktop review and management-level evidence gathering and data verification with restricted sampling at lower levels in the organisation.

The assurance also conforms to the AA1000 Assurance Standard (2008) Type 2, which requires evaluating the company's overall sustainability framework with regard to material issues assessment and stakeholder engagement. This was conducted using the AA1000 AccountAbility Principles (AA1000APS 2008) of inclusivity, materiality and responsiveness. AA1000 Assurance Standard also requires an evaluation of the quality of the reported sustainability performance information. For this, Ere-S employed the G4 Reporting Principles (reliability, accuracy, balance, comparability, timeliness, clarity, sustainability context and completeness).

## Responsibility and Independence

This statement represents the independent opinion of Ere-S. The management of Singtel was responsible for the preparation of the Sustainability Report and all statements and figures contained within it. The responsibility of Ere-S is 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 has not been 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 contain no financial interest in Singtel's business operations. Ere-S does not accept responsibility for any actions taken by other parties as a result of the findings presented in this assurance statement.

## Assurance Methodology

The assurance methodology used for this engagement was developed by Ere-S and consists of the following steps:

1. Identify and classify statements and data sets (over 200 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 data owners (32 for this engagement) at Singtel's headquarters in Singapore. Interview sessions included the following tasks:
  - Enquiring about the quantitative and qualitative aspects of the Report disclosures, including performance information, policies, procedures and underlying management systems within the assurance scope
  - Requesting evidence of the data sources and explanation of relevant collection and calculation methods to substantiate the figures and claims. This includes sampling of quantitative data originating from multiple sources.
  - Challenging the 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.
3. Assess the evidentiary information and provide recommendations for required correction and future improvement of the Report content.

## FINDINGS AND OBSERVATIONS

Since the previous assurance conducted by Ere-S, Singtel's reporting approach has significantly changed. Improvements include the full inclusion of Optus data in the disclosures on key material aspects, management approaches and performance indicators. Although the Report is less detailed in terms of disclosures that are specific to Singtel operations in Singapore, it has gained clarity and focus in showing material issues, policies and performance at Group level, especially in environmental aspects. Several statements on identified gaps and negative performance, such as incurred fines and cases of breach of fraud policy, provide balanced content.

The coverage of material aspects within the boundaries defined in the Report appears to be good and Ere-S observed improvement in the alignment between the methodologies used to calculate performance figures for Singtel, NCS and Optus. However, short-term (less than one year) contract employees are omitted from the total headcount used to calculate labour-related performance indicators. Similarly, smaller subsidiaries of the Group that are not operating in Singapore or Australia are excluded from the calculations. The impact of these two omissions on the final figures of the Group performance has yet not been measured.

Overall, the level of accuracy and consistency of the data sets provided by the data owners during the assurance was found to be good and information could be traced to the source when requested. Ere-S found only minor inconsistencies, which included miscalculations in data sheets and small discrepancies between

top-level aggregates and data sources. Singtel's reporting team took the required corrective actions and followed the majority of other recommendations put forward by Ere-S to improve the clarity and accuracy of the Report content. 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.

Ere-S found evidence of engagement with stakeholders during the reporting period. Groups including NGOs, unions, government agencies, responsible investors and media, were individually surveyed as part of the last phase of the broader stakeholder engagement exercise initiated in 2013. Other notable engagement initiatives that were observed and which are part of Singtel's regular management approaches included multiple feedback channels for employees and customers. To a lesser extent, engagement was also seen for the other stakeholder groups, such as interactions with external agencies to discuss new regulations or community-related projects.

There is still little evidence of effective engagement processes with suppliers. However, internal documents presented during the assurance tend to confirm that Singtel will establish formal interactions with suppliers on environmental and social issues as part of the implementation of their new Sustainable Supply Chain Management System.

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

In 2014, Singtel carried out a Group-wide materiality assessment resulting in the definition of a set of key material issues. Material issues continue to be identified by the Group's CSR function, the CSR working groups of each business units and the relevant management approaches, which were assessed by EreS during the assurance. These include global Fraud Investigation and Whistle Blower policies, the Data Protection Governance Committee, as well as frequent communications between Singtel and Optus teams to normalise and strengthen environmental and social performance measurement and reporting.

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

The assurance findings show that actions were taken by Singtel in response to stakeholder concerns during the reporting period. Evidence of timely response and issue resolution is more notable among customer and employee groups.

Responses to concerns from other stakeholder groups are observed in the multiple initiatives and policies implemented before or during the reporting period to mitigate the identified key material issues. Responsiveness to supplier concerns appears to be the weakest, which reaffirms the necessity for comprehensive engagement approaches within the new Supply Chain Management System.

### Conclusion

On the basis of a moderate assurance engagement and according to the agreed scope\* and criteria, nothing has come to our attention that causes us not to believe that, in all material respects, Singtel Group Sustainability Report 2015

- 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.

\* Group figures comprising Optus performance are not included (see "External Assurance" column in GRI Content Index for assurance coverage).

### Moving Forward

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

- While Singtel progresses in the formalisation of its global sustainability framework, standardised methodologies for data quality control should be put in place within all business units to strengthen the accuracy of the reporting procedures.

- Singtel should also ensure that its performance disclosures are aligned with GRI reporting guidelines, particularly concerning the calculation methodologies and categories definition, such as the types of employees to be included in the labour-related indicators. Similarly, future reports should also better reflect all Group operations, including subsidiaries and small overseas business units.
- Although reporting focus is at Group level, assessment and disclosure of sustainability issues specific to each location and business units should not be disregarded in future reporting exercises. Short individual reports and case studies detailing local performance will complement the Group's future sustainability reports.
- Singtel is encouraged to report on any negative findings resulting from the upcoming engagement exercise with suppliers and the due diligence processes that arise from the Group's Sustainable Supply Chain Management System. This should also include the plans and actions taken to mitigate the issues.
- Ere-S commends Singtel's plan to implement a Group-wide sustainability data management system, which should help fill many of the above-mentioned gaps and ensure consistent reporting procedures and stronger reliability, accuracy and traceability of all data.

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

Singapore, 17 June 2015

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**Lead Certified Sustainability Assurance Practitioner**



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/>