



11 Independent Report Assurance Statement G4-33

To the Management and Stakeholders of Singapore Telecommunications Limited

This is the fifth year that Singapore Telecommunications Limited (Singtel) has engaged Ere-S Pte Ltd (Ere-S) to conduct an independent assurance of its Group Sustainability Report. The engagement took place in May 2016.

SCOPE AND LIMITATIONS

Covering the reporting period April 2015 to March 2016, the scope of the assurance included all sustainability-related figures, statements and claims found in the Singtel Group Sustainability Report 2016 (the Report) and associated with Singtel operations in Singapore. Group-level management approaches, such as policies, procedures, codes of conduct, supply chain assessment and global community initiatives, 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 2016 during the same period: Energy use within the organisation (G4 EN3), GHG emissions scope 1, 2 and 3 (G4-EN15, G4 EN16, G4 EN17, G4-EN18), Injury rates (G4-LA6), Average training hours (G4-LA9), Indirect economic impacts (G4-EC8) and Supplier human rights assessment (G4-EN32, 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 also 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 omitted.

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 (close to 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 (over 35 for this engagement) at Singtel's headquarters in Singapore. Optus data owners based in Sydney were interviewed by phone. 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

Although the boundaries of the Report have not changed since the previous reporting exercise, the shift towards a global coverage of sustainability performance has become more prevalent in the year edition. This is evidenced by the alignment of management approaches between Singtel and Optus, such as the Group Code of Conduct and the Supplier Code of Conduct. Global alignment is also seen in the quantitative disclosures with more information on the activities and performance figures from Optus.

In general, the Report content is clear and presents Singtel's material issues and stakeholder engagement approaches in an objective way. Historical performance, current achievements and long term targets allow a good assessment of the progress made by the Group and its future strategy. Several statements on identified gaps and negative performance, such as incurred fines and cases of breach of regulations, provide a balanced content.

In regard to the Group sustainability context, the most significant improvements observed in the reporting period is the Life Cycle Assessment (LCA) carried out in 2015. By shedding light on the environmental

and social impacts within Singtel entire value chain, the initiative has filled a substantial gap found in previous reporting exercises. Therefore, more quantitative information on the LCA results and the Sustainable Supply Chain Management program, including results of supplier screening, will be required to make the next sustainability reports complete.

Based on our observations, alignment between the methodologies used to calculate performance figures for Singtel and Optus has improved for both environmental and social indicators. For example, employees with a short-term contract (less than one year) have been reinstated in the total headcount used to calculate labour-related indicators (with the exception of average training hours and salary ratios). Health and indicators are now based on the ILO guidelines for both entities. These adjustments have provided more clarity and accuracy to the Report.

However, other business units of the Group which are not operating in Singapore or Australia are still excluded from the calculations. This omission represents around 10% of the total Group headcount and may not have a significant impact on the final percentages and ratios disclosed in the Report. The inclusion of these business units in the scope of the report will nevertheless increase its completeness.

During the verification, Ere-S found only minor inconsistencies between the reported information and the provided source documents and data sets. With direct access to the sustainability data management portal, Ere-S assurance team was able to run a more systematic assessment of the calculation methods, formulas, conversion factors and units used. This added more confidence in the accuracy and reliability of the data trails. However, the level of data integration into the portal, from raw data sources to final figures, varied between topics.

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.

Effective engagement channels are evidenced throughout the Company. Customers and employees benefit from the most comprehensive and regular engagement opportunities, such as multiple surveys, meetings and online feedback. Engagement with community partners and government agencies is also found to be strong and is evidenced by regular meetings and ongoing interactions.

Following the Group Sustainable Supply Chain strategy, engagement within the supply chain has also improved, but interactions with suppliers have not reached beyond formal screening

on their profile. The next phase of the Sustainable Supply Chain Management programme should introduce more inclusive engagement (including information channels and feedback options) with key suppliers.

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

The results of the materiality assessment conducted during the previous reporting period continued to be applied. Commendable progress includes the Life Cycle Assessment exercise which led to a more precise identification of social and environmental impacts in the supply chain. Stronger focus on climate change, digital safety and diversity was also observed in the management approaches assessed during the assurance. These issues are prevalent to the current sustainability context and are reflected in the Report.

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

Actions taken by Singtel during the reporting period in response to stakeholder concerns were observed. Timely response and issue resolution appears more notable among customers and employees. The Female Diversity Committee, the Cyber Security Institute, the Safe

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Contractor Accreditation Scheme and the Cyber Wellness Education programmes are examples of new initiatives started in FY2016 to mitigate identified issues.

Specific actions in response to issues pertinent to the supply chain are yet to be observed. These should emerge during the next phases in the implementation of the Sustainable Supply Chain program.

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 2016

- 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.

* With the exception of the disclosures under G4-EN3, G4-EN15, G4 EN16, G4 EN17, G4-EN18, G4-LA6, G4-LA9, G4 EN32 and G4-HR10, 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 Ere-S commends Singtel's recent Life Cycle Assessment and the associated Sustainable Supply Chain programme, it recommends the disclosure of more details on the social and environmental impacts identified through the exercise. These should be accompanied with the mitigating actions that the company has taken or plan to take.
- Singtel should ensure that data processing, including format of raw data sets and compilation and calculation methods, is standardised throughout the Group and progressively transferred into the sustainability data management portal. This will reduce the risk of errors due to intermediary and manual operations on the data sets and facilitate the quality control of data trails.
- To improve the completeness of the Report, sustainability performance measurement and reporting should be progressively implemented for all subsidiaries not included in the current reporting scope. The sustainability data management portal may prove to be valuable for this task, as the local data owners can directly feed the system with their corresponding performance 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 2016

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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/>