

# Assurance Statement



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## Independent Limited Assurance Report in relation to Axiata Group Berhad's 2014 Sustainability Report

To the Management and Directors of Axiata Group Berhad ('Axiata')

We have carried out a limited assurance engagement in order to state whether anything has come to our attention which causes us to believe the subject matter detailed below ('Subject Matter'), and as presented in the Axiata 2014 Sustainability Report ('the Report'), has not been reported and presented fairly, in all material respects, in accordance with the criteria ('Criteria') below.

### Subject Matter

The Subject Matter for our limited assurance engagement included the following for the year ended 31 December 2014:

- ▶ Subject Matter 1: Axiata's adherence to the AA1000 AccountAbility principles of inclusivity, materiality and responsiveness in the preparation of the 2014 Sustainability Report ('the Report')
- ▶ Subject Matter 2: Selected sustainability indicators for the Axiata Corporate Centre as listed in Table 1, as well as the extraction of specific sustainability indicators for the group of Operating Companies ('Selected Performance Data') listed in Table 1 and related disclosures included in the report – which were selected based on Axiata's materiality assessment process, and
- ▶ Subject Matter 3: Axiata's reported alignment to the self-declared Global Reporting Initiative's ('GRI') G4 "in accordance" requirements (core).

The subject matter did not include:

- ▶ Assessing the accuracy, fairness or balance of data sets, statements, information, systems or approaches relating to areas other than the sustainability performance data and disclosures selected.
- ▶ Management's forward looking statements.
- ▶ Assurance of financial data, other than that relating to environmental, social or economic performance where applicable.

### Criteria

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

- ▶ Subject Matter 1: The Criteria listed in APS (2008) for each of the Principles.
- ▶ Subject Matter 2: GRI indicator protocols, as identified in Table 1 below:

**Table 1 Selected Performance Data:**

Performance disclosures	Boundary	Criteria	Report section
Privacy and Data Protection DMA	Axiata Corporate Centre	G4-PR8, DMA	Page 057
Governance and Responsible Business Conduct DMA		G4-SO4, DMA	Page 045
Average Training Hours per Employee		G4-LA9	Data in Numbers (Appendix)
Procurement Practices (Percentage Local procurement)		G4-EC9	Data in Numbers (Appendix)
Energy consumption	Extraction of data from group of Operating Companies	G4-EN3, EN4	Data in Numbers (Appendix)
Emissions – Scope 1 and 2		G4-EN15, 16	
Overall Employment		G4-LA1	Data in Numbers (Appendix)

- ▶ Subject Matter 3: The GRI's G4 "In accordance with Core" Guidelines.

## Management's responsibility

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

## Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our assurance engagement conducted in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') and in accordance with the requirements of a Type 2 assurance engagement under AccountAbility's AA1000 Assurance Standard (2008) ('AA1000AS (2008)') and the terms of reference for this engagement as agreed with Axiata.

Our procedures were designed to obtain sufficient assurance evidence about the subject matter being audited on which to base our limited assurance conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the subject matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

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

## Work Performed

In order for us to provide a conclusion in relation to the above scope of work, we have considered the criteria specified in AA1000 AccountAbility Principles Standard 2008, specifically the following questions:

- ▶ Inclusivity: Has Axiata demonstrated a commitment to be accountable to stakeholders on whom it has an impact or to those stakeholders who have an impact on it
- ▶ Materiality: Does Axiata have in place a process for determining material issues that results in a balanced understanding and prioritisation of its material sustainability issues
- ▶ Responsiveness: Does Axiata have a process in place that enables it to respond to stakeholders in a way that addresses their needs, concerns and expectations in a comprehensive, balanced and timely way

Our assurance procedures included, but were not limited to:

- ▶ Gaining an understanding of Axiata's business and approach to sustainability.
- ▶ Conducting interviews with key personnel and collating evidence to understand:
  - The process for stakeholder engagement across the organisation
  - The process for determining material issues and reporting against them, and
  - The activities relating to the sustainability priorities during the reporting period.
- ▶ Performing a gap analysis between Axiata's implementation of the principles of materiality, inclusivity and responsiveness based on the evidence gathered, and the guidance outlined in the AccountAbility AA1000 Principles standard 2008.
- ▶ Conducting limited assurance procedures for the sustainability performance indicators:
  - Checking that methodologies have been correctly applied
  - Undertaking analytical review procedures to support the reasonableness of the data
  - Identifying and testing assumptions supporting calculations
  - Testing on a limited sample basis underlying source information to check accuracy of the data, and

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- Assessing the reliability of specific sustainability performance information.
- ▶ Checking the Report to determine whether material risks and opportunities and performance issues identified during our procedures on the Selected Performance Data had been adequately disclosed.
- ▶ Checking the Report against the GRI G4 “In accordance with Core” Guidelines.

## Use of our Report

Our limited assurance report has been prepared for distribution to the management and directors of Axiata. We disclaim any assumption of responsibility for any reliance on this assurance statement or on the subject matter to which it relates, to any person other than management and directors of Axiata, or for any purpose other than that for which it was prepared.

## Independence, Competence and Experience

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

## Limited Assurance Conclusion

On the basis of our procedures for this limited assurance engagement, nothing has come to our attention that causes us to believe that the Subject Matter has not been reported and presented fairly, in all material aspects, in accordance with the Criteria above.

## Positive Observations and Opportunities for Improvement

Axiata has requested that we provide selected positive observations and opportunities for improvement, as identified through the assurance procedures. The observations and opportunities for improvement do not affect our conclusions expressed in the Limited Assurance Conclusion section above.

## Inclusivity

In 2014, Axiata made headway in expanding its engagement with stakeholders, in particular with suppliers. The Axiata Supplier Forum and Supplier Satisfaction Survey were new mechanisms for Axiata to engage with this group. Further, the introduction of the Supplier Code of Conduct this year covers ethical procurement practices. Going forward, we recommend that Axiata undertakes a risk-based approach to auditing supplier compliance with the Code of Conduct.

## Materiality

Axiata has a process in place to help the business identify its material issues for reporting and we note that the key material issues as determined by Axiata were covered adequately in the report. Material issues were defined using AccountAbility’s five part materiality test. Axiata has extended its materiality process to each Operating Company to ensure that the content of the report accurately reflects the key issues that relate to the diverse operating environments.

Axiata has also improved its reporting this year by including key issues of interest for each Stakeholder group. In the future we recommend that this is tested externally with customers, regulators, shareholders and community representatives from a materiality perspective.

Finally, Axiata’s commitment to key material sustainability areas is evident through its strategic investment in stand-alone business units that are related to material issues, such as “edotco” supporting energy and climate change; and Axiata Digital Services (ADS) which reinforces digital inclusion.

## Responsiveness

Axiata’s approach to responding to key stakeholder issues respects the autonomy of each individual operating company. From a group perspective, individual business functions are responsible for managing stakeholders. We note that the recently implemented sustainability forum may provide an opportunity to share approaches to stakeholder engagement and develop an overarching group-wide strategy.



Over time, Axiata has refined its approach to sustainability using four pillars. The report addresses aspects of Axiata's performance against each pillar using a mix of quantitative data and case studies. There is an opportunity for Axiata to provide more balanced narrative around the key sustainability challenges that are faced by the business. For example, while an ambitious target for carbon emissions reduction has been set by edotco, progress toward this target, and other targets, should be communicated.

Axiata has responded to the prior years' assurance observations on pages 24-25 of the report. This demonstrates Axiata's commitment to continuous improvement. The disclosures reflect the progress made, however we believe that further improvement can be made around the robustness of the newly introduced data collection system. We have provided more detailed suggestions for improvements in an internal report to management.

A handwritten signature in black ink, appearing to read 'T. Jeyaretnam', is located below the main text.

Terence Jeyaretnam, FIEAust, Lead CSAP (AccountAbility UK)  
Partner  
Ernst & Young  
Melbourne, Australia  
20 April 2015



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# Notes