

Sustainability Report

Our Business

Connectivity is an important tool in today's society, and we constantly review how we can further extend the benefits of our networks and services to more people, especially those from underprivileged or underserved communities.

M1 is committed to fair, transparent and responsible business practices in our dealings with customers, suppliers and business partners. We strive to comply with regulatory requirements, and meet or surpass the expectations of our customers.

Financial Performance

A summary of our key financial indicators:

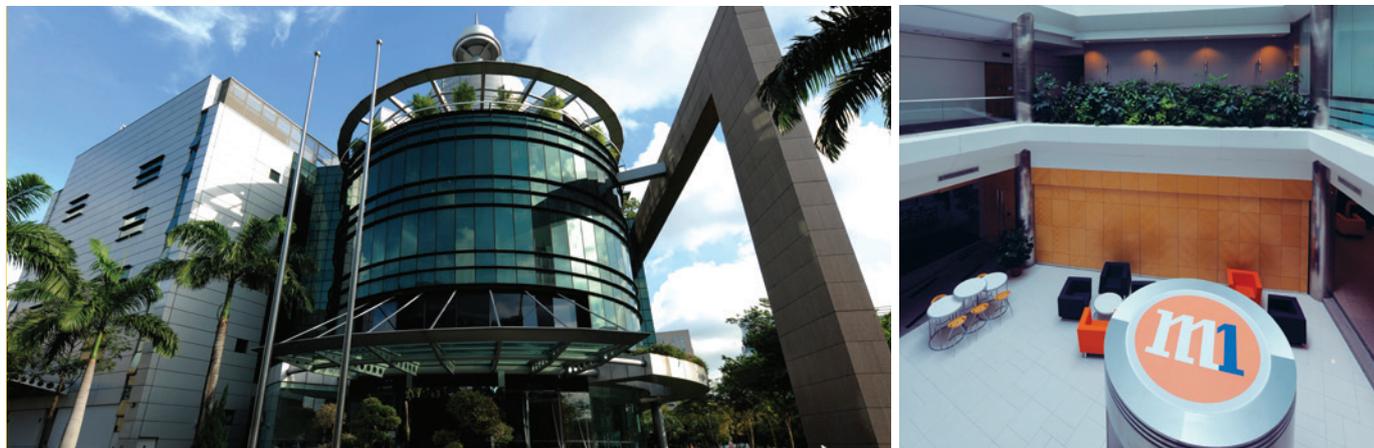
Financial indicators	2013 (\$m)	2012 (\$m)
Operating revenue	1,007.9	1,076.8
Net profit after tax	160.2	146.5
Operating expenses	812.4	888.6
Staff costs	108.7	97.4
Dividends paid to shareholders	136.3	132.2

For a more detailed discussion on our financial performance, please refer to the Financial Statements section of this Annual Report.

Enhancing our Networks

M1 continually enhances the performance and reliability of mobile and fixed services delivered to customers, and we committed S\$120 million to modernise and upgrade our networks in 2013.

These investments include deploying a nationwide 3G radio network on the 900MHz spectrum band, and upgrading our core infrastructure to pool mobile switching centres and media gateways to enhance network performance and resiliency. We also expanded and upgraded the 3G network with additional base stations and a nationwide optimisation programme to improve call connectivity. A small cell solution



was also deployed to further enhance indoor 3G radio coverage and capacity.

A full list of our 2013 network upgrades and enhancements can be found in our Operating and Financial Review section of this Annual Report.

Delivering Quality Products and Services

Connectivity is an important tool in today's society, and we constantly review how we can further extend the benefits of our networks and services to more people, especially those from underprivileged or underserved communities.

To address the needs of prepaid customers who want high-speed mobile Internet access, we launched Singapore's first prepaid 4G mobile broadband service in March 2013, followed by Singapore's first prepaid 4G smartphone plans in April 2013.

In July 2013, we introduced MiBox, an exciting new Internet TV service that offers affordably-priced video-on-demand entertainment and educational titles, games, e-books and applications. The service is targeted at customers who prefer an on-demand, a-la-carte model of TV content consumption. Take-up of the service has been encouraging, and we will continue to add content and features to the service.

M1 also offers mobile service plans specially designed to meet the needs of the deaf and hard-of-hearing community. These plans, available to members of the Singapore Association for the Deaf, offer additional SMS and MMS messages, well as a higher mobile data bundle, in recognition of the different needs of the deaf and hard-of hearing community.

Compliance with the Law

M1 strives to conduct our business in compliance with all applicable laws and codes, as well as supporting voluntary codes and best practice guidelines.

These include the Telecommunications Act which governs our core telecommunications business, as well as the Telecoms Competition Code 2012 which sets down quality of service (QoS) delivery standards and service obligations to our customers. We operate our media-related services in accordance with the Broadcasting Act, and websites on the Media Development Authority's list of prohibited websites are blocked as directed.

To protect vulnerable customers, we worked with the other mobile operators to create the Voluntary Code of Self-Regulation of Mobile Content in Singapore, to protect minors from accessing prohibited content via mobile phones.

In addition, M1 abides by all applicable business, health, manpower, consumer protection, data protection and marketing-related laws and codes.

Fines and Sanctions

M1 was fined S\$1.5 million in September 2013 by the IDA, in relation to our network incident on 15 January 2013. We did not face any sanctions in 2013 on anti-competition, anti-trust, or monopolistic grounds.

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Our Business

Customer Privacy

We respect our customers' privacy and do not share their personal data with third-parties other than as permitted or required under applicable laws and/or regulations, or with the customers' consent. We have not been censured by our regulator, IDA, for any relevant privacy-related violations during 2013.

In anticipation of the enforcement of the personal data protection provisions under the Personal Data Protection Act in July 2014, we briefed our relevant employees on the key obligations concerning personal data protection under the Act.

In addition, we have appointed two senior executives of the Company as Data Protection Officers to oversee compliance with the Act in relation to both customer and employee personal data respectively.

Responsible Marketing

M1 clearly labels all our products and services in our advertisements and marketing collaterals. The following relevant details are included in our customers' contracts and our employees will strive to explain these clearly prior to processing any customer transaction:

- Prices;
- Product specifications;
- Network access speed;
- Excess charges;
- Value-added services offered on a promotional or trial basis; and
- Early termination charges.

Telecommunications and Public Health

We recognise the public's interest and concern regarding the possible impact of electromagnetic energy produced by cellular devices and equipment, such as mobile devices and base stations.

To date, the World Health Organisation has found no substantiated link between exposure to electromagnetic field (EMF) radiation and adverse impact on human health. In Singapore, the IDA exercises strict control over the installation and transmitter power limits of our radio base station equipment, and conducts random site visits to ensure compliance with reference levels set by the International Commission on Non-Ionising Radiation Protection (ICNIRP).

Nevertheless, we would like to assure stakeholders of our commitment to public health and safety. In 2013, we continued to work with the National Environment Agency (NEA) to measure radiation levels at our base stations to ensure they meet all relevant guidelines. Going forward, we will continue to work with agencies, such as the NEA's Centre for Radiation Protection and Nuclear Science and the IDA to address areas of public health concern.

Ensuring a Positive Customer Experience

Providing excellent customer service is one of M1's core values, and we invest in our employees' service skills and product knowledge to ensure we constantly deliver a positive customer experience across all touch points of our business operations.

The M1 staff orientation programme includes a strong emphasis on customer service, and incorporates an attachment to our customer contact centre and retail outlets. This helps our employees to better understand our customers, and enables them to experience and appreciate the requirements in achieving excellence in customer service. Our senior management also participate in the attachment programme, to ensure they are in touch with our customers' changing needs and expectations.

Customer feedback is important to us and we obtain such information through our 24-hour contact centre, retail outlets, letters to the media, mystery shopping surveys, and from social media networks such as Facebook. Our customers' feedback is reviewed and used to help identify areas for improvement.



M1 Shop Revamp



In 2013, we revamped three of our M1 Shop outlets at Change Alley, NEX, and Suntec City to create a warmer, more personal retail experience for customers, and reduce their waiting times by up to 40% through swifter and more convenient transactions. The revamp of our first outlet was completed in April 2013, and we expect to complete revamp of the entire chain of outlets by this year.

Web Channel Revamp



A revamped M1 website was launched in November 2013 to deliver an enhanced surfing experience to the increasing number of customers who access our web channel via smart devices such as smartphones and tablets. Sporting a clean and clear interface, the website allows customers to navigate and search for information easily.

Code of Conduct and Internal Controls

M1 is committed to a high standard of corporate governance and we have a zero tolerance policy with regard to unethical or corrupt conduct.

We have in place layers of policies and processes that manage risk, deter fraud and ensure accountability and integrity. Employees are encouraged to report suspicious or irregular behaviour they encounter in the course of work, and we will ensure the confidentiality of any whistleblowing.

Acts that violate our Policy for Disclosure of Reportable Conduct include:

- Unlawful acts;
- Theft, misuse or wilful damage of M1 resources;
- Dishonest, fraudulent or corrupt activities;
- Misuse or abuse of power or authority for any unauthorised or ulterior purpose;
- Unsafe work practices.

M1 will investigate allegations raised, and firm action will be taken to deal with corrupt behaviour or illegal acts. Significant cases will be escalated to members of senior management and the Board of Directors, and/or referred to the appropriate authorities, such as the Singapore Police Force, Commercial Affairs Department or Corrupt Practices Investigation Bureau.

Individuals who make a report under this Policy will be protected from reprisal if he/she:

- Makes the report in good faith and without malice;
- Reasonably believes the matters referred to in the report to be substantially true;
- Does not seek any personal or financial gain from making the report;
- Follows the reporting procedure set out in this Policy.

If there are any attempts at reprisal against the whistleblower, he/she will be given the opportunity to bring the matter to the attention of the appropriate level of senior management and/or the Board's Audit Committee Chairman.

For a fuller description of our corporate governance practices, please refer to our Corporate Governance section in this Annual Report.

Employee Code of Conduct

M1 has a Code of Conduct which all employees are required to adhere to. The key tenets of this Code, which is available on our company's intranet, include the following:

- Employees are prohibited from activities that may lead to conflicts of interest when dealing with suppliers, customers and other business partners. If a conflict of interest arises, they must inform their line manager immediately;
- Employees and their family members are prohibited from soliciting or accepting any gifts or favours from any suppliers or clients. If refusal is difficult, the employee must report the gift to his/her line manager. The gift should be handed to M1's Human Resource department, and management will decide how to dispose of the gift;
- Employees are not allowed to download hacking tools or file-sharing programmes for the purpose of downloading pirated and other illegal materials;
- Employees should not distribute content disparaging colleagues, customers or business partners;
- Employees are expected to maintain appropriate relationships with other employees. Employees should disclose family or close personal relationships to their managers, with such employees strictly prohibited from being in a supervisory-subordinate relationship.