

SUSTAINABILITY REPORT

Our Business

WE HAVE A STRONG FOCUS ON CUSTOMERS' NEEDS AND ARE COMMITTED TO QUALITY AND INNOVATION IN ORDER TO DELIVER SUPERIOR CUSTOMER EXPERIENCE AND TO OFFER MEANINGFUL VALUE. WE CONSTANTLY REVIEW OUR PRODUCTS AND SERVICES TO ENSURE THEY ARE RELEVANT, AND ENABLE MORE PEOPLE TO ENJOY THE BENEFITS OF DIGITAL CONNECTIVITY.

M1 engages in fair, transparent and responsible business practices in our dealings with all stakeholders, including customers, suppliers and business partners. We comply with regulatory requirements, and meet or surpass the expectations of our customers.

Financial Performance

Our key financial indicators are as follows:

| Financial indicators | 2014 (S\$m) | 2013 (S\$m) |
|--------------------------------|----------------|----------------|
| Operating revenue | 1,076.3 | 1,007.9 |
| Net profit after tax | 175.8 | 160.2 |
| Operating expenses | 857.1 | 812.4 |
| Staff costs | 113.5 | 108.7 |
| Dividends paid to shareholders | 196.9 | 136.3 |

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

Network Investments

The performance and resiliency of our networks is key to customer experience, and we continually invest in technology to upgrade and enhance our networks to deliver a better experience for our customers.

Since our inception, we have invested more than S\$1.6 billion in expanding and upgrading our mobile network infrastructure, including resiliency

enhancement and implementation of the latest technology. These investments have enabled us to launch Singapore's first nationwide 4G network in 2012, as well as the first 300Mbps nationwide LTE (Long Term Evolution) Advanced network in 2014.

In 2014, we committed S\$140 million to upgrade our networks and systems, as well as construct a building extension. Details of key network enhancements can be found in the Operating and Financial Review section of this Annual Report.

Quality Products and Services

We have a strong focus on customers' needs and are committed to quality and innovation in order to deliver superior customer experience and to offer meaningful value. We constantly review our products and services to ensure they are relevant, and enable more people to enjoy the benefits of digital connectivity.

For the underprivileged or underserved communities, such as Persons with Disabilities, we understand how access to mobile technology can make a significant difference in their lives. In 2014, we built on our earlier efforts for this community by enhancing our service offerings through the new ConnectSurf plan, to help them make the most of their mobile devices.

To cater better to our customers' increasing usage of mobile data, we revised our service plans in September 2014 to offer more choices and bigger data bundles. From December 2014 onwards, customers were also able to enjoy faster data access speeds at no additional charge with the launch of our upgraded 300Mbps nationwide LTE-Advanced network.

During the year, we worked with the Media Development Authority of Singapore (MDA) to help low-income households enjoy free access to digital free-to-air TV programming. In this project, M1 supplied and installed DVB-T2 (Digital Video Broadcasting – Second Generation Terrestrial) set-top boxes to eligible households, allowing them to access and enjoy the improved video and sound quality of digital TV programming.



In the corporate segment, a wide range of customers have benefited from our new state-of-the-art data centre, which offered advanced features such as “cold aisle” containment, and temperature, humidity and power utilisation sensors on all server racks – options previously available only to large corporate users. “Cold aisle” containment prevents the mixing of hot exhaust with cold air for cooling resulting in improved cooling efficiency and better equipment performance.

Regulatory Compliance

We conduct our business in a socially responsible and ethical manner, in compliance with all applicable laws and regulations. We also support voluntary codes and best practice guidelines that benefit our stakeholders and society at large.

Key laws and regulations include the Telecommunications Act which governs our core telecommunications business, as well as the Telecoms Competition Code 2012 which establishes quality of service (QoS) delivery standards to our customers. Our media-related services are operated in accordance with the Broadcasting Act, and we block access to websites as directed under applicable laws or by MDA.

We protect vulnerable customers such as children and youth from undesirable content, and 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. We have made available a variety of tools to enable parents to monitor the access of their children to sites online.

Additionally, we abide with all applicable business, health, manpower, consumer protection, data protection and marketing-related laws and regulations.

M1 was not fined by any authority in 2014 for non-compliance with such laws and regulations.

Data Protection

We respect our customers’ privacy and do not collect, use or disclose their personal data other than as permitted or required under applicable laws and/or regulations, including the Personal Data Protection Act 2012 (“Act”).

Our employees who handle customers’ personal data have been trained on their obligations under the Act. We have also 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. To further empower our customers, our account management web portal has been revamped to enable them to choose if, and how, they want to receive marketing materials from M1.

M1 was not fined for any non-compliance with the Act in 2014.

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Responsible Marketing

M1 clearly labels all our products and services in our advertisements and marketing collaterals, and provides relevant details in customers' contracts. Prior to processing any customer's transaction, our employees will strive to explain the following in a clear and concise manner:

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

Telecommunications and Public Safety

We recognise the public's interest on radio frequency (RF) radiation from telecommunications equipment, including mobile devices and base stations.

We are committed to public health and safety, and continued to work with agencies, such as the National Environment Agency and IDA, to ensure the levels of exposure of RF radiation from our networks are well within the guideline limits.

The World Health Organisation has found no substantiated link between exposure to RF radiation and adverse impact on human health. In Singapore, IDA exercises strict control over the installation and transmitter power limits of M1's base station equipment, and conducts site visits to ensure compliance with the International

Commission on Non-Ionising Radiation Protection's standards.

M1 will continue to monitor RF radiation levels at our base stations and further scientific developments, to ensure our networks meet all relevant guidelines and we will continue to be open and transparent in the area of public health and safety.

Customer Experience

Providing excellent customer service is one of our core tenets and we continually invest in training to ensure we constantly deliver a positive customer experience across all touch points of our business operations.

To help our employees better appreciate customers' needs and achieve service excellence, all new employees undergo an attachment at our customer contact centre and retail outlets during their orientation programme. In addition, our senior management also participate in a frontline attachment programme at the centre or outlets to ensure that they continue to be customer-centric in carrying out their duties.

We recognise the importance of customer feedback in helping us further improve our customer service, and we obtain such information through a multitude of channels including our 24-hour contact centre, retail outlets, letters to the media, mystery shopping surveys, and from social media networks such as Facebook.

Sustainable Procurement

M1 purchases the following key products and systems from time to time, to support our business operations:

- Networks and related application systems;
- Application systems and computers;
- Mobile phones, computer tablets, accessories, and other consumer devices; and
- Furniture, fittings and equipment for our offices.

Our group procurement function adheres to a transparent procurement process, and suppliers are selected based on merit based or criteria such as vendor experience and track record, ability to meet the requirement specifications, price competitiveness, and level of after sales' support.

To further enhance ethical practices on the part of our suppliers, we commenced work on a M1 Supplier Code of Conduct in 2014. This Code sets out M1's expectations of our suppliers, including their compliance with all applicable laws, prohibition on illegal or unethical behaviour such as bribery and corruption, and protection of customer data. The Code has been implemented in 2015.

For financial details of M1's procurement, please refer to the Financial Statements of this Annual Report, under Fixed assets and Inventories.



Delivering Advanced Technology Sustainably

The launch of our next-generation data centre in October 2014 offered state-of-the-art features previously only available to large corporate users, such as "cold aisle" containment, as well as temperature, humidity and power utilisation sensors on all server racks, to a wide spectrum of customers from large corporates to small and medium enterprises. "Cold aisle" containment prevents the mixing of hot exhaust with cold air for cooling from mixing, resulting in improved equipment performance and cooling efficiency. To further minimise our environmental footprint, our new data centre also uses NEWater, or reclaimed water, for cooling.



Enabling Communications for People with Special Needs

M1 has supported the Persons with Disabilities community since 2000, with the launch of Singapore's first customised mobile plan featuring an enlarged SMS bundle, to meet this segment's needs. In 2011, this plan was enhanced with a data bundle to cater to smartphone usage. Following a further review in 2104, we launched ConnectSurf, Singapore's best-value plan for this segment, with a specially designed voice, SMS/MMS and data bundle at a highly affordable price point. For information on M1's ConnectSurf plan, please visit: <https://www.m1.com.sg/personal/mobile/plans/connectsurf>

Apart from the Persons with Disabilities community, we also offer customised packages with benefits relevant to respective segments such as senior citizens, as well as make available Singapore's lowest-entry prices for fibre broadband and smartphone plans.

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Delivering Convenience to Customers

In 2014, we completed the revamp of all our M1 Shop outlets to deliver a warmer, more personal retail experience. Key changes including removing service counters and streamlining multiple service touch points into a single one through the innovative use of hand-held tablets. The new retail concept has been well-received by customers, with 88% of customers rating the service “Good” or “Excellent”.

To further enhance the retail experience, we launched a new comprehensive online pre-order and collection system for customers to pick up or have their chosen handsets delivered to them at their preferred address conveniently. This reduces waiting times and allows us to serve more customers during busy handset launch periods. In addition, M1 was the first operator in Singapore to launch an optimised mobile website to provide a better experience to customers accessing it via their mobile devices.

Ethical Behaviour

We subscribe to a high standard of corporate governance, with a “zero tolerance” policy on fraud, corruption and other forms of unethical behaviour or conduct.

We have in place 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. We keep confidential the identity of any whistle-blower.

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; and
- Follows the reporting procedure set out in the Policy.

If there are any attempts at reprisal against the whistle-blower, 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, their manager must be informed 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 over to M1's Human Resource department for further handling and appropriate disposal;
- 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 between themselves to their managers, with such employees being strictly prohibited from working in a supervisor-subordinate relationship.



Bringing Your Loved Ones Closer

We believe technology can help bring people closer together. To encourage our customers to pick up their mobile phones and connect with their loved ones on Sunday, a day when most have more free time, we offered our customers free local calls and SMS/MMS messages on every Sunday in April 2014. This offer, part of our Sunshine Sundays customer appreciation campaign, was well-received by our customers.