

# SUSTAINABILITY REPORT

## OUR BUSINESS

Fairness, transparency and integrity are core to every aspect of M1's operations. We aim to meet or surpass the expectations of every stakeholder, and add value to the nation's economy, through sound, innovative and sustainable business practices

**>S\$2 billion**

invested in mobile and fixed network infrastructure in the last 20 years

## IMDA's

appointed vendor for their various programmes to narrow the digital divide

## Code of Conduct

for suppliers imposed within M1's entire supply chain

### ADDING VALUE TO THE ECONOMY (GRI 203-1, 203-2, PA1, PA2, PA3, PA4)

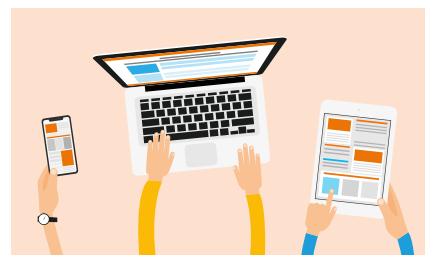
Technology and connectivity are integral to everyone's lives today, be it at work or play. We constantly review and update our products and services to ensure they are relevant and offer meaningful value to all our customers, including the underprivileged and underserved communities.

M1 worked with the Info-communications Media Development Authority (IMDA) as the appointed vendor to provide broadband access to students and persons with disabilities from low-income households throughout 2017 under the NEU PC Plus Programme. Through this programme, eligible applicants receive a complimentary 4G or fixed fibre broadband connection for three years. To date, more than 7,000 households have benefitted from this programme.

In addition, as IMDA's appointed vendor for the Home Access Programme and Digital TV Assistance Scheme, we continued to help low-income households with subsidised

fibre broadband connectivity and to make the switch from analogue to Digital TV through free digital set-top boxes and indoor antennas. Analogue TV broadcast will cease in Singapore by end 2018, and households are required to migrate to Digital TV in order to continue to enjoy free-to-air TV programmes. To date, more than 8,000 households have benefitted from the Home Access Programme and 67,000 households have benefitted from the Digital TV Assistance Scheme.

These efforts have made a positive impact in narrowing the digital divide and enabling families in the underprivileged and underserved segments to enjoy the benefits of communications technology.



### ECONOMIC PERFORMANCE (GRI 102-7, 201-1)

#### OUR KEY ECONOMIC INDICATORS ARE AS FOLLOWS:

|   | Group        |              |
|---|--------------|--------------|
|   | 2017<br>S\$m | 2016<br>S\$m |
| Operating revenue                         | 1,071.1      | 1,060.9      |
| Net profit after tax                      | 132.5        | 149.7        |
| Operating expenses (including staff cost) | 899.9        | 880.9        |
| Staff costs                               | 122.5        | 115.0        |
| Dividends paid to shareholders            | 103.2        | 142.3        |
| Tax paid                                  | 24.4         | 33.2         |
| Community investments                     | 1.94         | 1.87         |

For more details of our financial performance, please refer to the Financial Statements section of this Annual Report.

## NETWORK AND SYSTEMS INVESTMENT (GRI IO1)

M1 commits to ongoing investment in new technologies, as well as coverage and capacity expansion, to enhance the performance and resiliency of our networks and deliver a better experience for our customers.

Since our inception in 1997, we have invested more than S\$2.0 billion in expanding and upgrading our mobile and fixed network infrastructure. In 2017, we continued to optimise our 4.5G Heterogeneous Network (HetNet)

and deployed 300 Small Cell/WiFi sites at targeted high-traffic hotspots to augment the customer experience. To catalyse smart solutions innovation and support Singapore's transformation into a Smart Nation, we launched Southeast Asia's first commercial nationwide NB-IoT (Narrowband Internet of Things) network in August 2017.

In enabling hyper-connectivity to millions of devices, sensors and services, the Internet of Things (IoT) is a key Smart Nation building block. With our NB-IoT network, solution

providers and businesses can develop and deploy new IoT-enabled solutions such as smart energy management for buildings and homes, environmental monitoring, asset tracking and fleet management. We will continue to work closely with government agencies, technology partners, and customers to spur the development of more smart solutions in the future.

More details of our network investments can be found in the Operating Review section of this Annual Report.

### Intelligent waste management system with M1's NB-IoT network

M1, OTTO Waste Systems and SmartCity Solutions signed a Memorandum of Understanding (MOU) in November 2017 to implement the first intelligent waste management system in Singapore, utilising NB-IoT technology. This initiative is a key milestone in support of Singapore's transformation towards a Smart Nation.

With M1's NB-IoT enabled solutions and IoT platform, sensors attached to OTTO's trash containers will send out real-time alerts to SmartCity's centralised management system when the appropriate level of waste is reached. This allows waste management companies to improve the operational efficiency of resources such as manpower and fuel by only clearing full containers. The waste data collected can be aggregated and analysed through M1's data analytics platform to help companies further streamline their operations, such as bin distribution and waste collection frequency, enabling a greener environment.



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### M1 and NTU conduct Singapore's first comprehensive research on the use of 4.5G HetNet for secure drone operation



In the second half of 2017, M1 and Nanyang Technological University, Singapore (NTU) conducted

successful trials using M1's 4.5G HetNet to provide command, control and communication capabilities required for safe and efficient drone operations.

Conventional drones use an unlicensed spectrum such as 2.4 GHz band to provide short-range line-of-sight wireless connectivity but are susceptible to radio signal interference. In contrast, a well-optimised 4.5G HetNet provides secured mobile connectivity, enabling drones to fly beyond visual range in an urban environment.

In addition, drones could send real-time data and telemetry feeds during flight, with their precise

aerial locations monitored over M1's 4.5G HetNet. This paves the way for a dynamic and robust fleet traffic management solution required for the smart utilisation of Singapore's urban airspace and its surrounding sea-to-shore coverage.

To further the collaboration, M1 and NTU's Air Traffic Management Research Institute signed a MOU, to research and develop M1's 4.5G HetNet for the traffic management of unmanned aircraft systems in Singapore's urban environment. The findings from this research could provide valuable insight for unmanned operations using future 5G network.

## OUR PRODUCTS AND SERVICES

### Expanding our corporate customer reach

The corporate and ICT business is a growth segment for M1. We have accelerated our investments in technology, infrastructure and expertise, as well as strengthened our product offerings to capture this growth and new opportunities in the digital economy. In 2017, we launched new initiatives to enable corporate customers of all sizes to leverage technology to improve their competitiveness and operational efficiency. These corporate initiatives include new enterprise mobile plans featuring the use of local data bundles across 56 popular business destinations, the world's first 10Gbps symmetrical PON (passive optical network) connectivity service, as well as expansion of our fibre

network to more commercial buildings to provide high-speed connectivity and value-added services.

### Data protection

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

All M1 employees are trained regarding their obligations under the Act, with e-learning refreshers made available annually to ensure employees are kept up-to-date with the Act.

Additionally, two senior executives of the Company have been appointed Data Protection Officers to oversee

compliance with the Act in relation to both customer and employee personal data.

### Transparency in customer communications

M1 clearly labels all products and services in advertisements, marketing collateral and website, and provides all relevant details in customer contracts. Prior to processing any customer transaction, the following are explained clearly and concisely by our employees:

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

### Public safety (GRI 416-1, 102-12)

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

To date, the World Health Organisation<sup>4</sup> has found no substantiated link between exposure to RF radiation and adverse impact on human health. Additionally, the IMDA 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. In 2017, such tests were carried out at more than 200 of our sites and no corrections were required.

We are committed to public health and safety, and during installation of our base stations, we ensure that the radio frequency radiation remains within regulatory levels. We will continue to monitor radiation levels at our stations, and any further scientific developments, to ensure our networks meet all relevant guidelines. We will also continue to be open and transparent in our approach to public health and safety, and work closely with the National Environment

Agency and IMDA to ensure the levels of exposure of RF radiation from our networks are well within the guideline limits.

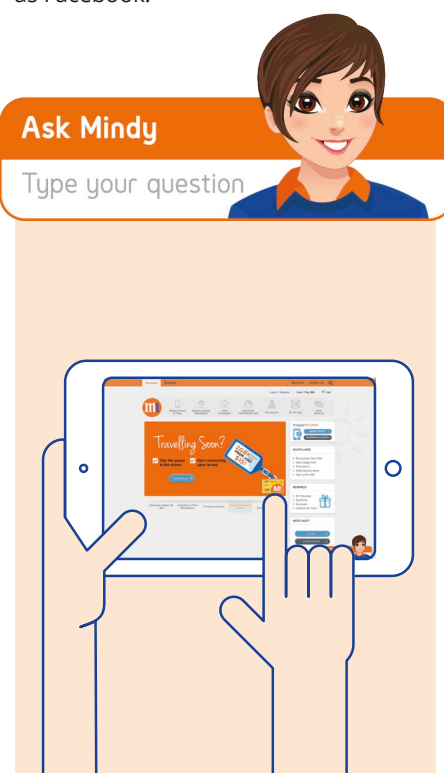
### Customer satisfaction

Delivering excellent customer service is one of M1's core operating tenets. We continually invest in customer service training and review our business processes to ensure consistent and high-quality service across all customer touch points.

In November 2017, we launched Mindy, our online chatbot self-service tool that empowers customers to search for answers via a chat interface. This enables customers to have real-time, always available and accurate answers to their queries on products and services, as well as frees up more time for our customer service officers to handle more complex requests, thus improving overall efficiency and service experience.

To help our workforce better appreciate customers' needs and achieve service excellence, all new employees undergo an attachment programme at our customer contact centre and retail outlets during their orientation.

We value customer feedback in helping us to improve our service, and gather 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.



<sup>4</sup> The World Health Organisation is currently conducting a formal assessment of all studied health outcomes (<http://www.who.int/mediacentre/factsheets/fs193/en/>).

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### ETHICAL STANDARDS AND RESPONSIBILITIES

We are committed to conducting our business in a 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.

M1 protects vulnerable customer segments such as children and youths from undesirable content, and has worked with 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 a variety of tools available at both network and device levels, to enable parents to monitor their children's online activity.

#### Anti-corruption (GRI 205)

M1 subscribes to a 'zero tolerance' policy on fraud, corruption and other forms of unethical behaviour or conduct. Awareness training programmes are conducted to initiate and update employees on the Company's anti-corruption policies and all new employees are required to acknowledge our Code of Conduct. In addition, existing staff are required to make an annual declaration on any conflict of interest.

Under the M1 whistle-blower policy, employees and suppliers are encouraged to report any suspicious or irregular behaviour they may encounter in the course of their work, with the assurance that allegations will be investigated and their identities protected.

Our suppliers play a key role in our value chain and we regularly engage with them to identify any new issues

### Regulatory compliance (GRI 418-1, 307-1, 416-2, 417-3, 419-1, 205-3)

Key laws and regulations which govern our core telecommunications business and quality of service (QoS) delivery standards to our customers include the Telecommunications Act and Telecoms Competition Code (2012).

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

M1 was not fined by any authority in 2017 for non-compliance with any laws and regulations and had no incident of corruption during the year.

### Sustainable Procurement (GRI 102-9, 204-1)

In FY2017, M1 engaged 480 suppliers to support us in the supply of telecom equipment and services, terminals and devices, ICT solutions, software and computer hardware products, as well as cable installation.

95% of these suppliers were Singapore-based and represented 96% of our total procurement spending for the year.



and ensure that the quality of our product and services is maintained and aligned with our business values and principles.

All our suppliers are required to comply with M1's Supplier Code of Conduct, which was introduced in 2015 to set out the standards of business behaviour that the Company's suppliers are expected to meet or exceed. The M1 Supplier Code of Conduct covers topics such as ethics, human rights, non-discrimination, fair compensation, collective association, health and safety, and protection of the environment. Suppliers are required to comply with all applicable laws, regulations

and conventions. The Code also outlines procedures for suppliers to report any M1 director, officer, employee or representative who breaches ethical standards.

In 2017, M1 developed a new self-assessment questionnaire on business continuity plan (BCP) readiness with our key suppliers. The BCP assessment programme will be implemented throughout 2018.

For additional information on M1's ethical behaviour, employee code of conduct and responsible procurement, please refer to the Corporate Governance section of this Annual Report.