



# 05 Leading the market, Sustaining business growth

SingTel continues to be recognised externally for our ongoing commitment to corporate governance, stakeholder communications and transparency. We won numerous awards ranging from best investor relations for a Southeast Asian company to our new Lean Six Sigma programme. Business excellence has always been a priority, and in a sector known for its dynamic and highly competitive operating environment, we stay ahead of the competition by focusing on our customers, innovation, service delivery and execution.

The digital age is upon us and this presents SingTel with vast opportunities, allowing us to help improve our customers' quality of life at both professional and personal levels with the latest products and innovative services and solutions offering. This has allowed our customers to maintain high productivity at work, for example, with cloud solutions, while facilitating access to email, social media, TV content, videos and games when at home and on the move.

## SingTel tops the Governance and Transparency Index

Among the numerous awards SingTel received in FY2012, many recognised our Corporate Governance practices. We won the inaugural Internal Audit Excellence Award, given by the Securities Investors Association (Singapore) at the Investors Choice Awards 2011. We also topped the Governance and Transparency Index in Singapore for the third consecutive year. Presented by the Business Times, with research from the Centre for Governance, Institutions and Organisations at the National University of Singapore, the index ranks companies against a long list of criteria relating to best practices in governance and the Singapore Code of Corporate Governance.

## SingTel continues to rank as leading ethical company



Following our admission as a new entrant to the 'World's Most Ethical Companies' ranking in 2011, SingTel was once again included on the list in 2012. Ethisphere Institute, a US-based think-tank, recognises businesses with good ethics and compliance programmes. We are among a handful of Asian firms to be ranked and one of only three telecommunications companies globally.

## Performance against sustainability goals

Key areas of focus	FY2012 Targets	Performance
Innovate for sustainable business growth	<ul style="list-style-type: none"> <li>Enhanced user experience and improved navigation at singtelshop.com and singtel.com</li> <li>At least two new e-services introduced for SingTel customers to access via their mobile phone/PC/tablet</li> </ul>	<p>●●●●</p> <ul style="list-style-type: none"> <li>Improved user interface and experience at singtel.com, enabling customers to quickly (reduced number of clicks) and easily meet their top-of-mind needs</li> <li>More relevant content with intelligent search and personalised recommendation to proactively engage with our customers</li> </ul> <p>●●●●</p> <ul style="list-style-type: none"> <li>Achieved. Example: skoob, deFind, Store &amp; Share and MySingTel App</li> </ul>
Pursue proactive market leadership	<p>To continue to:</p> <ul style="list-style-type: none"> <li>Monitor market developments and participate in public policy advocacy</li> <li>Uphold high standards of corporate governance and business ethics</li> </ul>	<p>●●●●</p> <ul style="list-style-type: none"> <li>Actively participated in public policy advocacy through submissions and representations covering a range of telecommunications and broadcasting issues</li> </ul> <p>●●●●</p> <ul style="list-style-type: none"> <li>Continued to be recognised by the industry for our efforts in upholding high standards and received numerous awards</li> </ul>
Embrace responsible business practices	<ul style="list-style-type: none"> <li>Dedicated resource to focus on our engagement with customers via social community platforms</li> <li>Supplier Sustainability Survey completed by all key vendors within FY2012</li> </ul>	<p>●●●●</p> <ul style="list-style-type: none"> <li>Set up digital marketing team in February 2012 with the mandate to reach out to digitally-connected audiences using online and social platforms</li> </ul> <p>●●●●</p> <ul style="list-style-type: none"> <li>100% response rate from key vendors</li> </ul>
Build customer loyalty and satisfaction	<p>Further improvements to the customer experience index by:</p> <ul style="list-style-type: none"> <li>Continuing to measure the customer experience and initiate more projects to improve the experience</li> <li>Motivating and enabling staff to deliver excellent service by interventions</li> <li>Making the customer experience successes more visible within the organisation</li> </ul>	<p>●●●●</p> <ul style="list-style-type: none"> <li>SingTel overall Customer Experience Index increased by 3% points with significant improvements seen in consumer, SME and global business customer segments</li> <li>Lean Six Sigma community grows close to 2,000 in Singapore, delivering more than 30 projects</li> <li>Service Leadership Programme launched to top 500 service leaders across the Singapore operations</li> <li>Visual reminder for employees on customer pulse launched on company's intranet during the year</li> <li>Customer Experience KPIs owned by and cascaded from senior management down to all service leaders and managers</li> </ul>



# INNOVATE FOR SUSTAINABLE BUSINESS GROWTH

There are constant threats and new exciting opportunities in this dynamic and highly competitive environment where we operate. And it is through continuous innovation that SingTel has been able to differentiate from our competitors to maintain a leadership position in various market segments all these years.

SingTel has generated growth by leveraging our strengths, resources and scale and boldly stepping into new service or market territories and start on a new learning curve. Our innovation culture and processes have allowed us to identify and capitalise on new business opportunities, which are also made possible by our committed and driven staff as well as our strong and extensive partnerships.

## Innovative digital services

Technology has the potential to replace physical objects. Our suite of innovative digital services is able to help reduce our customers' impact on the environment. Our development and offer of such services, coupled with SingTel's market leadership, allow us to reach and influence customers, encouraging them to adopt lower-carbon options.

As a digital leader and multimedia solutions provider, we are constantly developing new apps and services that maximise the potential of our networks and smartphone technology to enhance the lives of our customers.

### SingTel launches Singapore's first e-book service skoob



Singapore's first e-book service skoob was launched in November 2011 for smartphones, tablets and computers. At launch, skoob offered over 39,000 local and international bestsellers often at more than 50% discount on the cost of physical books. Customers have the flexibility to download books on up to five devices.

The service breaks new ground by being the first e-book service to offer the works of Singapore writers, as well as study guides and educational books for local primary and secondary school students. We continue to work with publishers to expand our catalogue.

### Store & Share online file storage



'It's everything you need, when you need it!' Store & Share allows users to store up to 500MB of content online for easy backup and sharing with friends, freeing up valuable storage space on mobile devices and optimising storage requirements. Shared storage lessens the need for users to own other physical storage solutions.

Files can be accessed from anywhere, even overseas, and digital content can be synchronised across mobile phones and desktops reliably. The service gives customers access to their most important information on the go, even if they change computers or mobile devices.

### Singapore made simple with SingTel deF!ND digital concierge



In November 2011 SingTel unveiled deF!ND, the first intelligent mobile concierge app that integrates local information in Singapore and allows bookings of services that Singaporeans find essential in their daily lives while out and about.

Users can book taxis, make restaurant reservations, buy movie tickets, locate ATMs and other essential amenities, find the best shopping deals, search business directories, get updates on local events and look for food in their area. The app's voice recognition also understands the unique style of English that Singaporeans speak, and this sets deF!ND apart from other apps.

## Enabling productivity

SingTel actively promotes products and services that increase resource efficiency and productivity. Today, over 180,000 users rely on SingTel's cloud services to drive their business operations, making SingTel the leading telco provider of cloud services in the region.

SingTel's cloud services also allow SMEs to enjoy powerful ICT solutions and business software that only large companies could afford in the past. These solutions negate the need for hefty upfront investments in ICT infrastructure, while lowering ongoing maintenance and manpower costs, improving productivity and simplifying business operations. SingTel's cloud services include on-demand computing resources, as well as Software-as-a-Service (SaaS) solutions from SingTel's *mybusiness.singtel.com* online portal.

Together with SAP, we launched the SAP Business One hosted on SingTel PowerON cloud-based business management solution. SMEs now have the freedom to streamline and manage their sales, customer relationships, inventory, business processes and operations on-the-move via Internet-enabled smartphones, tablets and PCs. As they do not need to make upfront investments in equipment, they can avoid ongoing costs of managing and maintaining complex systems and hardware, saving up to 60% on their operating costs and reducing the set-up time from months to days.

## PURSUE PROACTIVE MARKET LEADERSHIP

In pursuit of our aim to be Asia's leading multimedia and ICT service provider, SingTel undertakes significant investments every year to improve our systems and network infrastructure so that our customers can enjoy reliable, high quality services to meet their communications and entertainment needs. They also get to enjoy the best from the cutting-edge technology around the world.

### Total capital investment

FY2010	FY2011	FY2012
S\$652 million	S\$726 million	S\$818 million

In May 2011, we launched our second commercial satellite ST-2 into orbit to help meet growing customer demand for fixed and mobile satellite services. With ST-2, we can reach more customers – from those residing in cities to those in remote locations with limited communications infrastructure. Access to communication also enables us to improve the lives of people by closing the digital gap such as linking rural and isolated communities, changing the way seafarers live, learn and work, as well as bringing modern financial services like credit cards and ATM transactions to remote sites with no physical infrastructure.

The new satellite is a joint venture between SingTel and Chunghwa Telecom and will provide 20% more capacity and a wider coverage footprint than ST-1, our first satellite launched in 1998. Including Optus' satellite fleet, SingTel is one of the largest satellite operators in this region.



# EMBRACE RESPONSIBLE BUSINESS PRACTICES

## Corporate governance, ethics and fraud prevention

SingTel is committed to upholding the highest standard of corporate governance and strong business ethics through implementation of appropriate policy, structure and enforcement of our Code of Ethics and core value of integrity.

Major control initiatives across the businesses were implemented focusing on establishing and maintaining accountability for prevention, detection and reporting of fraud and applying the group's zero tolerance policy at the highest levels of management.

The adoption of the Fraud Investigation and Whistleblower Protection Policy in SingTel, along with our whistleblower programme, provides robust internal controls in the management of fraud risk, through prompt identification of suspected frauds and encouraging employees to raise concerns about fraud or other irregularities without any fear of reprisal. The Policy and related processes, including the adoption of zero tolerance approach to fraud, are formally communicated to our people each year. The Policy requires independent and prompt investigation of all fraud matters by Internal Audit and prompt and regular reporting of all significant fraud cases and whistleblower complaints to the Audit Committee, Senior Management and external auditors, as appropriate.

Fraud and control awareness training programmes were rolled out throughout the year to educate our people on fraud risk and mitigating measures. A total of 202 participants attended such training in FY2012. Internal Audit worked with Management to conduct regular training sessions in SingTel including overseas subsidiaries and offices and at workshops organised by Management. The training sessions included discussion of past fraud cases and the lessons learnt on internal controls. Fraud Awareness Training, conducted on-line via eLearning, was

also part of the compulsory annual compliance training and launched to 2,168 employees or 16.1% of workforce. The training included fraud reporting structures and understanding of the whistleblower programme.

We also launched a Code of Ethics with Vendors in December 2011 requiring all our people to comply with the guidelines covering gifts and hospitality to avoid a situation of conflict or potential/perceived conflict of interest. They have to make the necessary declarations to HR and their line supervisor as well as report any breach or case involving potential or alleged fraud to HR and Internal Audit.

We require our people to be honest in all business dealings at all times. Any payment or in-kind transaction, such as gifts or favours, to influence business opportunities or decisions in SingTel's favour is prohibited. SingTel has a strict code of conduct that governs employee dealings with customers, suppliers, competitors and the community and we adopt a zero-tolerance policy against any employee who has, for example, committed a criminal offence or other serious misconduct that may affect our corporate reputation.

In accordance with the requirement under SGX Listing Rule 1207 (10) which came into effect on 29 September 2011, the Board is required to issue an opinion to the shareholders on the adequacy of SingTel Group's internal controls, addressing financial, operational and compliance risks in the Corporate Governance section of the Annual Report.

The framework and process to support the Board's opinion on the adequacy of SingTel Group's internal controls include reviews and statutory audit of financial statements by external auditors, results of work performed by SingTel

Internal Audit, annual certification by Management on adequacy and effectiveness of risk management and internal controls, reporting protocol for escalating major incidents and violations to the Board, and review of significant risks and mitigating measures by the Finance, Investment & Risk Committee (FIRC)\* and Risk Management Committee. During FY2012, the FIRC commissioned an external risk consultant to review the Group's risk management framework and processes to ensure alignment with global best practice standards.

*\* The Risk Committee was established, and the FIRC was renamed the Finance and Investment Committee (FIC) in May 2012*

## Risk management

The identification and management of risks reduce the uncertainty associated with the execution of our business strategies and allow the Group to maximise opportunities that may arise. Risks take on many forms and can have material impact on the Group's ability to achieve our stated objectives, by potentially affecting SingTel's reputation, operation, human resources and financial performance.

SingTel operates within a robust risk management framework with a continuous process of risk identification, monitoring, management and reporting of risks throughout the organisation, providing assurance to the Board and relevant stakeholders. More information on the risk management process is found in our annual report ([info.singtel.com/annualreport/2012/](http://info.singtel.com/annualreport/2012/)).

## Safety standards

Risks associated with electromagnetic energy are of particular interest to the telecommunications industry. A number of health concerns have been raised regarding the potential exposure to electromagnetic energy associated with the operation of mobile devices. While there is no substantiated evidence of public health risks from exposure to the levels of electromagnetic energy typically emitted from mobile devices, perceived health risks can be a concern for our customers and regulators. Our policy is to comply with regulatory and international safety standards such as the International Commission on Non-Ionising Radiation Protection (ICNIRP) Standards. We are fully aware and we monitor the latest available research to ensure customer safety.

## Telecommunications access

Telecommunications has become an essential part of society and SingTel strives to provide service access to all levels of the community. As a result, we offer a comprehensive range of plans and products to suit a variety of different needs and budgets.

Our success in this area is evident from the high uptake of mobile phone and Internet use in Singapore. As at 31 March 2012, Singapore had 7.79 million mobile customers, representing a penetration rate of 150.4% which is among the highest in the world. The fixed-line household penetration rate was 104.5%, while Residential Wired Broadband Household and Wireless Broadband Population penetration rates were 104.9% and 156.5% respectively.

SingTel is a Public Telecommunication Licensee and has to meet a range of obligations. This includes requirements to make a basic telephone service available to any person in Singapore who requests the provision of such a service, and to provide emergency call and public payphone services.

The telecommunications regulator in Singapore, the Infocomm Development Authority of Singapore (IDA), also requires SingTel to meet specific quality standards for certain services that we offer. IDA publishes regular performance reports on broadband, mobile and fixed telephone services offered by various operators in Singapore. These reports are found at [www.ida.gov.sg](http://www.ida.gov.sg).

## Responsible products and services

Improving cybersafety and security is a key area that SingTel has addressed in the last 12 months. With the increased concerns over inappropriate content and access by young users, we have stepped up our efforts to promote awareness on how parents could protect their children on their home and mobile devices by keeping them safe from exposure to inappropriate content, social networking risks, strangers and other online threats.

Extending these services to mobile devices has been made possible through one of our mobile apps under the Family Protection plan.





The app allows parents to choose categories to filter, block or allow access to specific sites and set age appropriate default settings, establish times when children can be online and monitor cyberbullying.

Family Protection operates alongside the SingNet Security Suite service, both powered by McAfee, which gives customers all-in-one protection against other online threats. The service includes Anti-Virus, Anti-Spyware, Anti-Phishing, Firewall, Anti-Spam and Website safety ratings. We plan to offer consumers an additional tool where they can safely surf the Internet on their mobile

and be alerted if they chance upon risky websites, including those infected with malware, phishing sites or sites hosting browser vulnerability exploits code.

As part of our commitment to responsible products and services, SingTel adheres to the policies and practices issued by the regulators in Singapore, IDA and the Media Development Authority (MDA), relating to the access and use of telecommunication products, content and services. We are a signatory of the Voluntary Code of Self-regulation of Mobile Content (Mobile Content Code).

## Responsible action to inappropriate content

In 2011, inappropriate mobile games content was inadvertently uploaded to our IDEAS website. The MDA found the content to be a breach of the broadcasting licence and imposed a S\$40,000 fine on SingTel. As a result of this incident, we reviewed our internal management processes with the mobile games content publishers and aggregators and improved our content publishing and posting procedures.

The process was established in August 2011 and approved by Internal Audit. This new process sets out what is and is not acceptable to SingTel and our customers, and can be imposed on content providers at the discretion of the company. It assesses, for example, whether the material:

- a) depicts nudity or genitalia in a manner calculated to titillate;
- b) depicts a person(s) clearly engaged in explicit sexual activity;
- c) promotes sexual violence or sexual activity involving coercion of any kind;
- d) depicts detailed or relished acts of extreme violence or cruelty; and
- e) glorifies, incites or endorses ethnic, racial or religious hatred, strife or intolerance.

To ensure the above guidelines are met, we have developed a Check-and-Balance process, starting with the mobile content provider involved in the above case, which is summarised below:

1. The content provider first sends a list of games to our Games Product Manager.
2. Assessors in our Multimedia Group will test the games to their best effort (i.e. game completion if possible).
3. Games Product Manager notifies content provider that the games are approved.
4. Content provider proceeds to upload the games onto our IDEAS portal.

Our Games Product Manager liaises with content providers, publishers and aggregators and has final approval authority before any gaming content can be uploaded to the IDEAS portal for access by our customers.

A customer care process has also been established for the reporting of content deemed offensive by user groups, as this can be subjective or a matter of opinion.

## Data protection

We respect our customers' privacy and have implemented a number of practical measures to ensure that data is only accessed for authorised use and by authorised employees. Our people are trained and constantly reminded to handle customer information and other proprietary company information with the utmost care and confidentiality.

Our database management system resides on our own servers. We have full control of the information and manage customer data to protect it from being compromised or misused by third-party vendors. Only employees whose job scope requires customer data retrieval will be given access to the systems and there is a regular exercise to check and verify such access based on job scopes and roles. Audits are used as a tool to capture information when important updates or transactions occur. Sensitive customer information, such as credit card and bank account numbers, is masked when displayed on our systems being accessed by our Customer Care Officers.

Other actions taken are promotional messages being labelled as advertisements in compliance with the Spam Control Act and customers having the option to easily unsubscribe from our mailing lists. We also limit the number of direct marketing messages that we can send to our customers via our marketing channels over a given time period. The Customer Lifecycle Marketing team is the coordinating body and ensures compliance with our Internal Contact Policy.

SingTel broadly supports the government's intention to introduce Singapore's first consumer data protection framework. We have provided feedback on the consultations for the proposed Consumer Data Protection Regime, the proposed National Do Not Call Registry and the proposed Personal Data Protection Bill issued by the Ministry of Information, Communications and the Arts.

## Responsible marketing

Our customers have the right to expect SingTel to be honest and transparent in our communications with them. And in return, we accept reasonable and constructive feedback. Our marketing and communications (Marcom) delivery is a key driver of the customer experience and as part of the overall Marcom approach, we aim to ensure high levels of satisfaction and improve customer experience. Leading indicators are monitored on a regular basis and these include campaign effectiveness, share of market segments and brand appeal. Monthly surveys are also conducted to track customer awareness and comprehension of our advertising messages.

In FY2012, as a result of customer feedback, SingTel decided to publish the typical speeds of our mobile broadband services. The figures outline a typical range of speeds that customers can expect 80% of the time<sup>1</sup>. As with all wireless technologies, the range of speeds and experience is dependent on several factors, such as the user's location in relation to base stations, the number of users in the area, the mobile device used, structure blockages, as well as the response of websites accessed. However, we felt that publishing this data was an important step to assure customers that we understand their concerns and are willing to respond in a positive manner. We were the first operator to make such a disclosure voluntarily and six months later, IDA announced that all service providers in Singapore were required to follow suit from 1 April 2012.

We keep abreast of the latest developments in the industry through affiliation with relevant associations and institutions. We also ensure our compliance with the law and constantly review industry standards and codes to adopt relevant guidelines and programmes. For example, our marketing practices are aligned with industry guidelines such as the Premium Rate Services Code, Internet Code of Practice, TV Advertising Code, Singapore Code of Advertising Practice and Consumer Protection (Fair Trading) Act.

<sup>1</sup> The typical speed range was derived through an analysis of real user data over multiple 24-hour windows at various locations around Singapore, including major 3G hotspots





## Responsible selling

SingTel wants to make the customer purchasing experience a pleasant and uncomplicated process. We are committed to open and honest sales practices, and our customer facing teams working at SingTel retail stores are all trained to inform customers about potentially contentious issues prior to signing any agreement. These issues include contract terms, bill shock safeguards and penalties involved with early termination requests. Customers are also requested to acknowledge and confirm the products and services provided in the Service Agreement.

Many of our Value-Added Services (VAS) are offered free for a limited promotional period when customers sign new contracts with SingTel. Our customers enjoy peace of mind as we advise them via SMS when the promotion is ending, giving them the option to subscribe or cancel the VAS. Every mobile phone that we sell comes with at least a one-year warranty from the manufacturer.

Across our retail stores we have also installed interactive screens to display the latest deals and promotions, thus reducing the amount of in-store paper brochures and allowing customers to access the latest information they need at their fingertips.

Our online store *singtelshop.com* was revamped in 2011 and offers customers an alternative to the physical retail stores. There is a Live Chat function available between 9am and 11pm daily to give users the opportunity to receive instant clarification on queries. As after-sales is an equally important customer touchpoint, there is a dedicated hotline for after-sales support outside of the Live Chat operation hours. By empowering the first point of contact to take ownership of the case, we ensure that customers have a specific SingTel contact to attend to them.

To facilitate smooth online transactions and reassure our customers, items purchased online are eligible for a one-to-one exchange with free delivery for faulty equipment that is returned within seven days.

## Responsible procurement

SingTel suppliers are carefully selected to help us provide our customers with the best quality products and services we can at the best prices possible. During FY2012, 84% of our purchases were from suppliers based in Singapore.

In 2011 we undertook a number of initiatives to highlight the importance of sustainability issues in our supply chain. Firstly, we undertook a survey of our Tier 1 vendors (in terms of their impact on our business, procurement synergy and contract value) and set a number of targets as a result of the feedback. Secondly, we made it mandatory for local vendors in relevant sectors to be certified at least bizSAFE Level 3 before they can participate in our tender. This screening criterion is in support of the Workplace Safety and Health Act which requires every company in Singapore to provide a workplace that complies with certain safety and health regulations. bizSAFE Level 3 requires external verification of health and safety risk management and implementation by an approved third party auditor.

## Supply chain survey

To determine the level of understanding and extent of application of sustainability strategies and practices of our Tier 1 vendors, the Procurement department conducted a survey of 10 global and local companies. The questionnaire survey covered a number of Global Reporting Initiative (GRI) indicators and United Nations Global Compact (UNGC) principles and we received a 100% response rate. The results allowed us to better identify and understand the vendors' current and future sustainability issues, and how these relate to SingTel's own requirements.

Around 90% of our Tier 1 vendors declared that they have related policies and processes in place to address some of the environmental and social issues relevant to their sector. Issues such as potential environmental impact, clear labelling, screening of human rights, child labour and forced labour were all addressed to some degree.

### Issues covered by the Sustainability Survey of vendors

Category	Issues
CSR Policy Awareness and Implementation	<ul style="list-style-type: none"><li>• Goal and objectives</li><li>• Level of implementation</li><li>• Awareness level of employees</li></ul>
Human Rights and Labour Conditions	<ul style="list-style-type: none"><li>• Human rights</li><li>• Prohibition of forced labour</li><li>• Prohibition of inhumane treatment</li><li>• Prohibition of child labour</li><li>• Prohibition of discrimination</li></ul>
Health, Safety and Environment (HSE)	<ul style="list-style-type: none"><li>• Potential environmental impact</li><li>• Pollution prevention</li><li>• Recycling</li><li>• Energy conservation</li><li>• Waste minimisation</li><li>• Sustainable transport options</li><li>• Employee health and safety management</li></ul>

## Moving responsible procurement forward

SingTel was greatly encouraged by the positive outcome of the sustainability survey. Moving forward we want the tender process to identify organisations that are unable to meet our required standards or encourage them towards improved performance.

We are currently in the process of developing a Code of Conduct for Vendors for inclusion into our tender pack. This initiative, which should be ready for implementation in FY2013, will provide clear expectations for vendors in all procurement dealings with SingTel, ensuring that internationally recognised procurement standards are understood and followed.

Environmental considerations have already been incorporated into the tender evaluation phase and higher evaluation points can be given to products or services which have less impact on the environment. For example, in a tender for air-conditioning chillers at one of our Data Centres, we awarded to a vendor whose products met higher environmental standards relating to the use of a specific greenhouse gas.

We are also assessing the immediate inclusion of at least two GRI indicators or UNGC principles into our tender evaluations. We hope to raise awareness and enforce the application of pro-human rights criteria during the tender process. The two issues being addressed are child and forced labour.

- **Child Labour** - Vendors will ensure their hiring practices conform to the International Labour Organisation (ILO) Conventions for minimum working age and child labour. Vendors are encouraged to develop lawful workplace apprenticeship programmes for the educational benefit of their workers.
- **Forced Labour** - Vendors should strictly comply with the Forced Labour Convention as it is a criminal act which prohibits the use of forced labour in their operations. Forced labour is defined as any work or service that someone performs involuntarily, including under threat of physical harm or other such penalty.

To complement the Code of Conduct for Vendors, we will also introduce vendor audit plans. SingTel is currently creating a vendor audit schedule for FY2013 to FY2014.



The aim of vendor audits is to ensure compliance with SingTel's procurement standards, which include criteria relating to applicable laws, regulations, contractual terms and sustainability principles. Any compliance issues will be highlighted by the audit team and vendors will be given the opportunity to rectify the matter. Vendors with repeated compliance issues may be barred from taking part in future tenders.

## Regulatory compliance

SingTel is a leading communications group in Singapore and Asia Pacific. We have an ethical obligation to demonstrate behaviours that encourage fair competition.

In Singapore, as part of the Dominant Licensee Obligations under the Telecom Competition Code, we also have a number of regulatory responsibilities required by IDA. We submit around 150 tariff filings per annum to the regulator for approval. These filings are undertaken in accordance with the requirements under the Telecom Competition Code and our track record of compliance is very good. However, in 2007 SingTel inadvertently overlooked to submit part of a customised tariff filing which IDA subsequently found SingTel in breach of the Telecom Competition Code for the omission, and imposed a fine of S\$50,000 in June 2011.

In a separate incident, MDA imposed a S\$40,000 fine for inappropriate content that was uploaded onto SingTel's IDEAS portal (see story on page 15).

## Government support

SingTel is involved in a number of government-led initiatives relating to the development of telecommunications in Singapore. In the last financial year, we were eligible to receive S\$2.73 million in government grants from the IDA under the following industry programmes:

- **Grid Services Provisioning**

- > IDA's Grid Services Provisioning grants value depends on the size of the grid storage and computing service infrastructure setup by the various participating operators such as SingTel and meeting the required KPI by IDA.

- **SME Infocomm Package**

- > SME Infocomm Package offers these companies ready-to-go ICT packages and subsidy for the development of their first business web presence. Service providers like SingTel which offer subsidised ICT packages are reimbursed by IDA for the price difference.

- **Wireless@SG**

- > Wireless@SG is an initiative led by IDA to make wireless broadband more readily available to the consumers in public areas. The grants from IDA are to help reduce part of the roll-out and running cost by the three Wireless@SG operators, including SingTel.

These funds are for different grant periods, including one programme that commenced as early as May 2008 and another will end by March 2013.

The Workforce Development Agency (WDA), Ministry of Manpower (MOM) and IDA all offer training grants to assist companies in the development of their employees. These grants are open to any company in Singapore that meets the criteria set by each government agency or ministry. For FY2012, the Group received a total of S\$767,804 from such programmes.

**Training grants from IDA, MOM and WDA**

Training grants received by:	FY2011	FY2012
SingTel	S\$508,551	S\$517,221
NCS	S\$357,511	S\$250,582
Total	S\$866,063	S\$767,804

## BUILD CUSTOMER LOYALTY AND SATISFACTION

Whenever we interact with our customers, we try to focus on improving and strengthening the customer experience, especially satisfaction and loyalty. For three consecutive years from 2010 to 2012, SingTel was voted Best Mobile Operator and Best Internet Service Provider by readers of Hardwarezone.com and HardwareZone magazines. We were also a winner in the Telecommunication Services category at the Computerworld Singapore Customer Care Awards 2011.

We actively engage our customers through social media to promote and educate customers on our products, services and promotions. We have a new section in this report that focuses on our efforts to reach out to digitally connected customers using social media such as Facebook and YouTube, with a Twitter channel planned for FY2013. Enquiries and service issues raised on Facebook are channelled to the respective customer care teams.

### Strategic customer experience management

With Customer Focus as one of our core values, we have formed a dedicated Customer Experience team to drive our initiatives. By monitoring and managing the end-to-end customer experience, we are able to respond to customer needs proactively and provide innovative solutions and services that cater to their lifestyles.

Since FY2009 and based on periodic customer feedback, SingTel has been through an interesting change process that switched the orientation of Customer Experience from internal drivers to focus more on the direct and changing needs and behaviours of our customers.

We have engaged an external research firm to conduct regular Customer Experience tracking across key customer touchpoints. We have seen yearly increases in our Customer Experience Index and are eager to continuously improve ourselves and our service standards and delivery.

One of the metrics SingTel uses to measure customer satisfaction is the number of complaints and compliments we receive.



#### Number of compliments and complaints\*

Customer experience category	FY2011	FY2012	Change (%)
Compliments	2,271	2,973	31
Complaints	2,540	2,742	8
Compliments vs Complaints ratio	0.9	1.1	-

\* The compliments and complaints referred to in the table are those escalated from customers via our website, social media, media and SingTel management

The overall Customer Experience will continue to be a strategic focus in SingTel and we aim to deliver a distinctive customer experience in the market. Working towards this goal, we will need to enhance our current Voice of the Customer programme to better understand customer expectations and to be more responsive in driving timely action across the organisation.

Our people have a crucial role in delivering great customer experiences. It is therefore important for every employee at all job levels to inculcate a customer-centric mindset and embrace and promote the company's core value of Customer Focus.

To inspire a unified customer-centric culture, we focus on providing our people with the right tools to collaborate with each other and create a positive experience for our customers. In the last three years, we have been expanding organisational capabilities by training close to 2,000 certified practitioners in Lean Six Sigma (LSS) and service leadership in Singapore. Quarterly benchmarking and best practice sharing have helped to create platforms where our people become service ambassadors for the SingTel brand.

We won the IQPC Asian Process Excellent Award for Best Project for Service Sector in July 2011 and the International Award – IQPC Deployment Leader of the Year (Honourable Mention) in January 2012.

#### Bill shock



MySingTel app

Bill shock has been a hot topic in Singapore in recent years. But due to our efforts to ensure SingTel customers better understand our charges and price plans including caps, as well as the high data roaming charges imposed by overseas operators, we have been able to significantly reduce incidents of bill shock. Where issues do arise, we work with customers to try and reach a mutually acceptable outcome.

Customers can also check their own data usage records readily through SMS, the MySingTel smartphone app and the SingTel website. In addition to capped tariffs for local data use, we offer overseas roaming plans that provide unlimited data usage from S\$20 per day. Customers are initially alerted via SMS when they reach certain data limits and this will escalate to contact from our Customer Care Officer if higher usage is detected.



## Bringing joy to our customers

Customer experience (CE) is at the forefront of our internal measurements and is a key performance metric for top management from Group CEO down to all our people who liaise directly or indirectly with our customers.

We measure customer sentiment across an array of customer interaction points (touchpoints). We work hard to bring joy to our customers and prevent issues from arising that may result in a complaint.

Since FY2011, we have been measuring and reviewing our CE dashboard across touchpoints on a monthly basis. We listen to the voices of more than 20,000 consumers and over 5,000 business and SME customers with the mindset of bringing joy to them consistently.

We conduct twice a year surveys on customer brand perception to understand how our customers perceive SingTel's brand and value against our competitors.

We also introduce programmes to continuously improve our CE. For example:

**Customer Appreciation Programme (CAP)** - CAP requires all management from CEO down to all manager level to 'go back to the floor' at least three times a year to 'double jack' at our call centres to listen to how we handle our customer calls; or to work at our retail shops for a day to walk the customer processes; or to follow our installers to visit our customers to understand the challenges in the installation process. We also have mystery shopping programme to experience our own buying processes.

**Simplify policies that affect customers** - Management members are frequently asked to answer quizzes on SingTel customer policies at workshops. A major exercise was also done during the year to identify 'dumbest', 'outdated' or 'complicated' policies that can be removed or simplified to make it easier for our customers to do business with SingTel.

**Structured Quality Programme** - Consistent quality is an integral part of ensuring that transactions are seamless. We have a Quality Assessment Framework which maps all aspects of quality required in customer-facing situations. This Framework maps into planned coaching sessions and our people are encouraged for a job well done or work on a development plan if required.

## Digital marketing

Our digital marketing team was set up in February 2012 to reach out to digitally-connected consumers. The team's key goals include moving traditional advertising spend to digital, reaching more digitally-connected audiences using online and social platforms and building strong social communities.

### Social Media

In early 2012, less than a year since its creation, our official SingTel Facebook page hit our target fan audience of 100,000. Reaching this target was a significant achievement for the company and opened a new channel of communication that allowed us to better reach out to our digital customers on this highly popular social network. A cross-functional editorial board was set up to manage content and feedback.





Not only do we share information on products, services, promotions and news with our fans, the social customer relations team actively addresses issues and queries raised by our customers on the Facebook page.

### Launch of TGIS

In late November 2011, SingTel launched TGIS (Thank Goodness It's SingTel!), a weekly lifestyle video series on YouTube that aims to give a fresh perspective on the latest consumer technologies and gadgets. The made-for-web TV series has been very well received and had over 440,000 total views on the YouTube channel within the first three months.

### Digital advertising

With the introduction of our numerous digital product and service innovations, our digital advertising expenditure was 19% of our total ad spend in FY2012.



## TGIS Episode 11 concept

### How to set up your phone to stay connected overseas

With the increased reliance on Internet connectivity, many users want to stay connected to the Internet and have access to their email, instant messaging, social networking sites and all the smartphone apps that require connectivity, even when they are travelling.

Featuring interactive step-by-step settings for the phones on all operating systems, this episode of TGIS used a fun and educational video format to explain about Bridge Data Roam services to help users avoid bill shock.

## Improvement targets

Key areas of focus	What we will do	
	Five-year plan (FY2011-FY2015)	FY2013
Innovate for sustainable business growth	<b>To re-position and build SingTel into a sustainable brand by:</b> <ul style="list-style-type: none"> <li>• Developing more e-services to offer corporate customers one-stop convenience and also to reduce paper transactions</li> <li>• Providing our consumer clients more online services and content via their mobile devices</li> </ul>	<ul style="list-style-type: none"> <li>• At least two new e-services introduced for SingTel customers to access via their mobile phone/PC/tablet</li> </ul>
Pursue proactive market leadership	<b>To continue to:</b> <ul style="list-style-type: none"> <li>• Monitor market development and participate in public policy advocacy</li> <li>• Uphold high standards of corporate governance and business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to monitor market development and participate in public policy advocacy</li> <li>• Continue to uphold high standards of corporate governance and business ethics</li> <li>• Ensure compliance with the revised Singapore Code of Corporate Governance</li> <li>• Undertake a formal stakeholder engagement exercise to better understand material sustainability issues for SingTel</li> </ul>
Embrace responsible business practices	<b>To embrace responsible marketing by:</b> <ul style="list-style-type: none"> <li>• Adopting marketing guidelines and programmes for alignment to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship</li> <li>• Participating as corporate member in five local/regional industry associations or marketing bodies</li> <li>• Introducing Green marketing practices and complying with the usage of recycled paper materials for 100% of SingTel's marketing activities</li> <li>• Introducing education programmes to promote safety and the responsible use of mobile technology for SingTel customers</li> </ul> <b>To embrace responsible procurement by:</b> <ul style="list-style-type: none"> <li>• Adopting a vendor engagement framework for our sustainable procurement commitments to communities and strategic partners</li> <li>• Establishing SingTel's sustainable procurement policy and standards, as well as planning to conduct random verification of at least three of the top ten suppliers annually</li> <li>• Introducing at least two sustainability KPIs as performance metrics for the procurement decision makers</li> </ul>	<ul style="list-style-type: none"> <li>• Grow Facebook fan base by 50%</li> <li>• Launch a Twitter Customer Care channel to better respond to conversations about the brand and address customers' enquiries and issues on social platforms</li> <li>• Develop an official SingTel YouTube channel and to include wider scope of content, e.g. building specific playlists: sports, music, entertainment, gadgets, corporate responsibility etc</li> <li>• Develop online resource on <a href="http://www.singtel.com">www.singtel.com</a> to promote safety awareness and responsible use for parents on cyberbullying and sexting among young users</li> <li>• Include at least two GRI indicators or UN Global Compact Principles in the evaluation of procurement tenders to raise awareness and enforce the application of pro-human rights criteria during tender evaluation</li> <li>• Begin implementation of the Code of Conduct for Vendors</li> <li>• Develop plans for the vendor audit scheduled to be held over the next two years</li> </ul>
Build customer loyalty and satisfaction	<b>To enhance the customer loyalty and satisfaction index by:</b> <ul style="list-style-type: none"> <li>• Reviewing customer feedback and benchmarking review mechanisms</li> <li>• Implementing additional feedback surveys to measure customer satisfaction levels at key customer touchpoints</li> </ul>	<ul style="list-style-type: none"> <li>• To improve Customer Experience Index and be distinctive in the market by:</li> <li>• Enhancing current measurement to better understand customer expectations</li> <li>• Implementing company-wide service communications and training programme</li> </ul>