**We've signed
The Copenhagen
Communiqué**

# MTN Group Limited
*2009 Sustainability Report*
**Building resilience. Agility. Growth.**
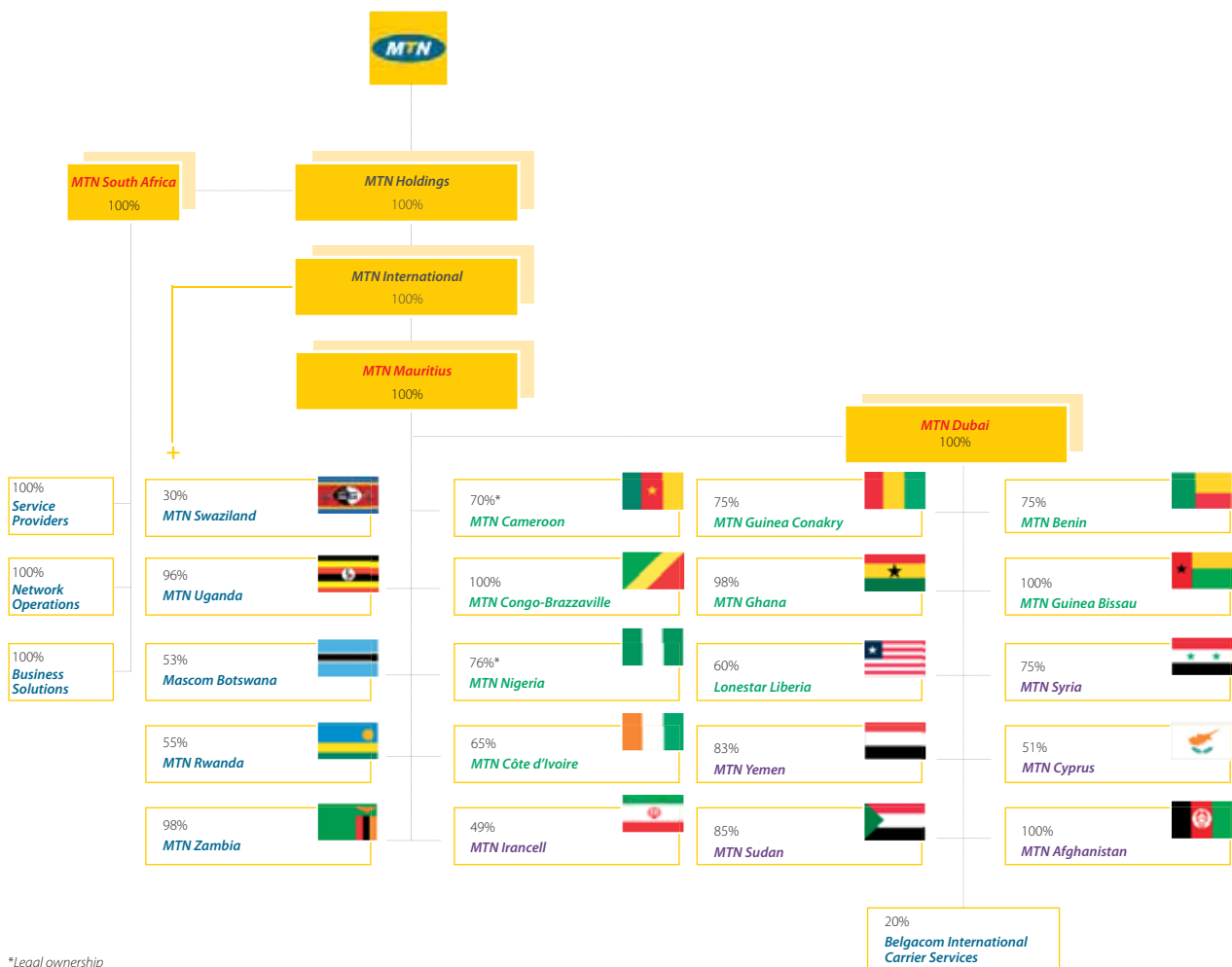
# Contents

## Group profile

*MTN's vision is to be the leading telecommunications provider in emerging markets.*

MTN's **Can Do** pledge has seen the company develop from a start-up South African operation launched in 1994, to a multinational telecommunications group, operating in 21 countries in Africa, Asia and the Middle East. The MTN Group offers cellular network access and business solutions, and is listed on the JSE Limited in South Africa. As at 31 December 2009, MTN recorded 116 million subscribers. The MTN Group is also a global sponsor of the 2010 FIFA World Cup South Africa™ and has exclusive mobile content rights for Africa and the Middle East. MTN values integrity, relationships, innovation, a can-do attitude and leadership.

*sustainability* report

*Building resilience. Agility. Growth.*

# Group structure

**MTN**

| | |
|---|---|
| **MTN South Africa** 100% | **MTN Holdings** 100% |

**MTN International** 100%

**MTN Mauritius** 100%

**MTN Dubai** 100%

| | | | | |
|---|---|---|---|---|
| 100% *Service Providers* | 30% MTN Swaziland | 70%* MTN Cameroon | 75% MTN Guinea Conakry | 75% MTN Benin |
| 100% *Network Operations* | 96% MTN Uganda | 100% MTN Congo-Brazzaville | 98% MTN Ghana | 100% MTN Guinea Bissau |
| 100% *Business Solutions* | 53% Mascom Botswana | 76%* MTN Nigeria | 60% Lonestar Liberia | 75% MTN Syria |
| | 55% MTN Rwanda | 65% MTN Côte d'Ivoire | 83% MTN Yemen | 51% MTN Cyprus |
| | 98% MTN Zambia | 49% MTN Irancell | 85% MTN Sudan | 100% MTN Afghanistan |

20% **Belgacom International Carrier Services**

*Legal ownership

# Group president and CEOs statement



In meeting our business objectives, we will enhance stakeholder value, and manage risks and opportunities posed by the financial, manufactured, social, human and environmental capitals within our scope of influence.

**Sustainability vision**

MTN has a deliberate approach to conducting business, recognising the significant impact that telecommunication services have on society. As the leading provider of telecommunications services in emerging markets, MTN has the opportunity to catalyse development that improves quality of life by enabling social and economic inclusion and growth, connecting people and providing better ways of doing business while respecting the natural environment.

*Phuthuma **Nhleko***
*Group president and CEO*

MTN's sustainable business practices represent an incremental journey. The Group started this journey in 1994; in 2009 the implementation of the Group sustainability function, board and executive support, Group-led strategic planning, and resource commitment has positioned the Group to better realise its sustainability vision.

To remain resilient, sustainability is not secondary to the business: it is about positioning social, environmental and ethical considerations at the core of MTN.

# *Sustainability strategy and governance*

MTN bases sustainable business activities on the model below.
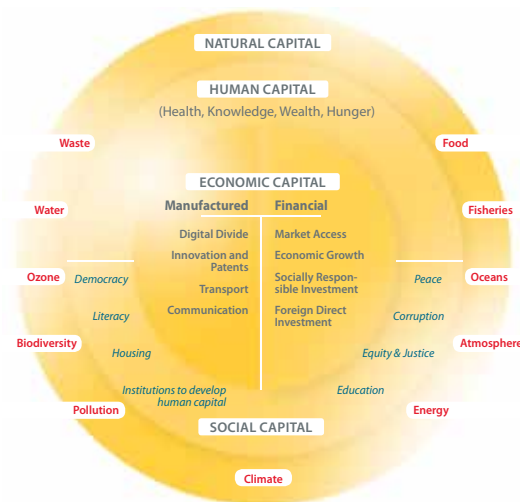


## Strategy

To accelerate the implementation of MTN's sustainability vision, we defined our sustainability strategy and key implementation principles. These are set out below.

| Strategy | Implementation principles |
| --- | --- |
| • Focus on environmental, social and governance issues of importance to stakeholders, and that may have a material impact on MTN's economic position | • Set foundations for sustainability: ensure internal awareness and education, implement human and system resources, identify opportunities and risks, and manage and report performance |
| • Business decisions will be motivated by sustainability opportunities and risks, rather than mere compliance | • Focus on no more than three project initiatives per annum. Projects are to be prioritised based on effort required and potential impact |
| | • Use pilots, trials, and a phased implementation approach where suitable |
| | • Share successes and use lessons learnt from previous experiences |
| • Group sets direction and influences imperatives, in collaboration with operations, which maintain closest working relationships with stakeholders | • Balance Group's vision and requirements with local operating conditions, challenges and opportunities |

# *Sustainability strategy and governance* continued

### Governance of sustainability

The Group board is accountable for sustainable business practice and as such, has delegated responsibility to the Group risk and compliance committee. The executive management of the sustainability function is the responsibility of the Group executive, corporate affairs, who reports progress and plans to the Group executive committee (Exco). Signoff of major deliverables is undertaken by the Group president and CEO, where commitments bind the entire Group.

The diagram below indicates the governance and management of the sustainability function in MTN.
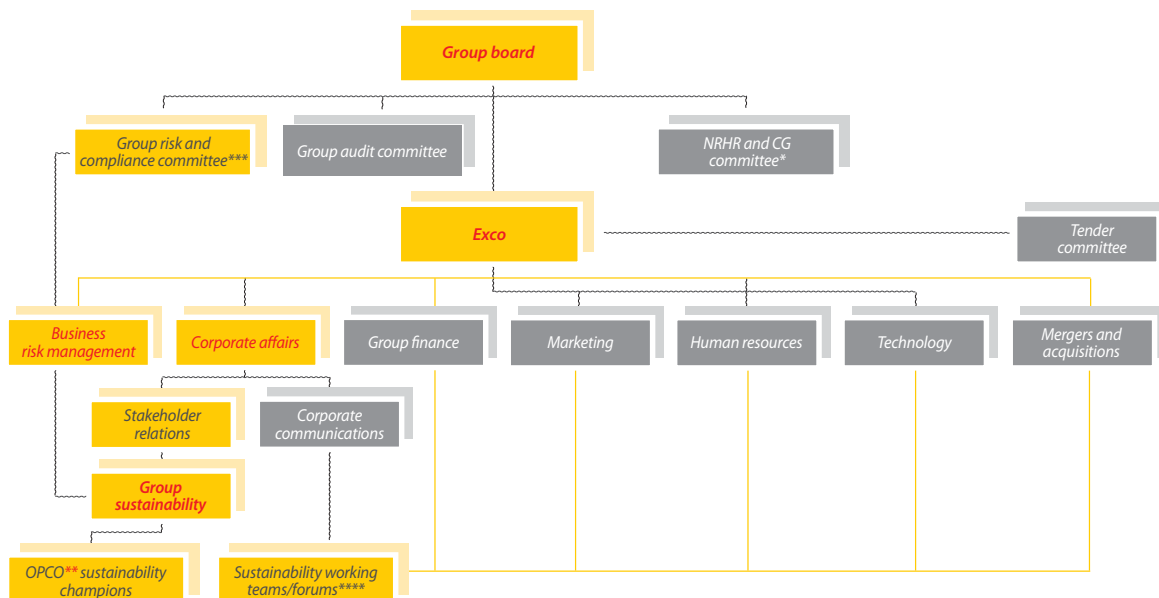
* Nominations, remuneration, human resources and corporate governance committee
** Operating Company, used within MTN to denote all subsidiaries and associates
*** Sustainability is a standing item on committee agenda
**** Sustainability working teams and forums will be implemented in regions or operating companies commencing in the latter half of 2010

## *2008 Feedback*

We are pleased to have made progress on our previous sustainability commitments.

| 2009 commitments made in 2008 | Status | Degree to which objective was achieved |
|---|---|---|
| **Risk/Governance** | | |
| Roll out annual reputation review | • Self-assessment of MTN's reputation by Exco and Opco CEOs via questionnaire completed. Results presented to Exco<br><br>• In 2011 MTN will undertake external assessment with media, analysts and regulators | |
| Complete whistleblower roll out; improve staff awareness | • Roll out completed. Operations also received basic fraud awareness training | |
| Review/improve consistency of government relations engagements | • Stakeholder governance model incorporating identification and management processes defined. Implementation of model planned in 2010<br><br>• Appointment of an executive for regulatory affairs at Group level | |
| Establish Group sustainability governance structure *(corporate affairs, SHE, risk, network and technology, HR, investor relations, Opco representation)* | • Group Sustainability Manager appointed to drive strategy and implementation<br><br>• In 2010, implementation of local and regional sustainability forums to commence | |
| Enhance CURA risk management system to track hours of disability due to injuries | • Reviewed decision to only track this indicator. Determined that a more holistic incident management system was required to address stakeholder reputation management, insurance, safety and health, and sustainability-related incidents proposed | |

■ *Degree of MTN's achievements*
■ *Degree yet to be achieved*

## *2008 Feedback* continued

| 2009 commitments made in 2008 | Status | Degree to which objective was achieved |
|---|---|---|
| **Social contribution** | | |
| Monitor implementation of Group CSR framework and align activities. Review framework effectiveness | • All 21 Opcos now undertake projects that deliver sustainable impact |  |
| Launch foundations in remaining operations | • Underway – see section titled *Foundations* |  |
| Increase MTN South Africa spend on black women-owned/managed companies | • Spending increased to over R520 million (unaudited), a 43% increase from the previous year's spend |  |
| **Staff development** | | |
| Roll out sustainability education/training programme, including policy, management framework, performance | • Board/executive/senior level awareness and engagement ongoing<br>• Carbon footprint training undertaken |  |

■ *Degree of MTN's achievements*
■ *Degree yet to be achieved*

| 2009 commitments made in 2008 | Status | Degree to which objective was achieved |
| --- | --- | --- |
| **Staff development** *(continued)* | | |
| Confirm sustainability resources at operational level | • Sustainability champions have been identified in MTN South Africa, Swaziland, Nigeria, Ghana, Uganda, Cameroon, Syria, Cyprus, Rwanda, Zambia, Yemen, Congo-Brazzaville and Benin | |
| **Environment** | | |
| Ensure environmental management concerns are included in sustainability management team's work and performance monitor mandate | • Further work to clarify internal roles of different functions will need to be undertaken to ensure roles and tasks are appropriately allocated and executed. Some work on the top environmental priorities and actions has commenced (see section titled *The environment*) | |
| Ensure electromagnetic fields (EMF) health and safety level site agreement implemented across all Opcos | • See section titled *The environment* | |

■ *Degree of MTN's achievements*
■ *Degree yet to be achieved*

# *2009 sustainability opportunities and risks*

Awards and acknowledgements on our performance motivate and inspire us to exceed our best efforts.

**February** ➤ *Telecommunications Service Provider of the Year*
**MTN Irancell**

**April** ➤ *Uganda Investment Authority citation for corporate social responsibility*
**MTN Uganda**

**July** ➤ *South Africa Business Leader of the Year*
**Cyril Ramaphosa** (Group Chairman)

➤ *Iranian Taxpayer of the Year*
**MTN Irancell**

**August** ➤ *Ask Africa Trust Barometer: Innovation Category Winner*
**MTN Group**

➤ *Ask Africa Trust Barometer: Most Trusted Company Category*
**MTN Group – Second**

**October** ➤ *AT Kearney Best 40 Global Companies*
**MTN Group – Seventh**
(only African company in top 10)

**November** ➤ *PricewaterhouseCoopers' CEOs Most Respected East Africa Companies*
**MTN Rwanda and MTN Uganda**

➤ *African Business' Commonwealth Business Council Telecom Company of the Year*
**MTN**

## Sustainability opportunities and risks

The Group's review has determined the environmental, social and ethical or governance issues that could pose a material opportunity or risk to MTN's business.

The top sustainability-related opportunities, and MTN's response, are described below.

| Opportunity | Description | Response |
|---|---|---|
| **Environmental** | Operations were concerned about the business' environmental impact and explored solutions to reduce this | See section titled *The environment* |
| **FIFA 2010 World Cup™ sponsorship** | MTN's sponsorship provides longer-term opportunities to make a sustained economic and social difference | See section titled *The community* |
| **Community/ foundation** | Given the size and scope of our operations, opportunities exist to fulfil our desire to be the pace-setter of community development and upliftment efforts | See section titled *The community* |

The top sustainability risks, and MTN's response, are described below.

| Risk | Description | Response |
|---|---|---|
| **Regulatory** | MTN's top regulatory risks included an array of challenges including the matter of interconnection charges, quality of service and bureaucratic challenges eg, regulatory changes to telecommunications legislation, and ambiguous legislation | See section titled *Regulatory* |
| **Environmental** | MTN's material environmental risks predominantly relate to carbon-based energy consumption, operating base transceiver station (BTS) sites, public concerns about EMF emissions of BTS sites and cellular handsets, and global increase in environmental legislation | See section titled *The environment* |
| **Fraud** | External and internal types of fraud include theft of assets and inventory (such as airtime and diesel), distribution fraud and procurement fraud | See section titled *Fraud management* |

# *Our customers*



The significant growth of the telecommunications sector in emerging markets over the last two decades attests to the power of the mobile telephone.

The significant growth of the telecommunications sector in emerging markets over the last two decades attests to the power of the mobile telephone in improving access to communication, information, inclusion, and socioeconomic growth and wellbeing. MTN's customers in many markets often demonstrate high levels of loyalty and commitment, and we honour this through understanding the challenges our customers face, anticipating their needs and segmenting our solutions accordingly, and responding pro-actively and responsibly to customer concerns and requirements.

The material issues of importance to MTN and our customers are detailed below. For the purposes of this report examples of initiatives by operations are used to illustrate efforts. These do not necessarily represent the full scope of initiatives, products and services offered by all MTN operations.

## Quality of network

MTN's network coverage in both urban and rural areas as a result of significant growth in subscribers and demand for increasingly sophisticated telecommunication services has resulted in complaints about the ability to access services, or the reliability of services in areas where network demand has increased capacity. To maintain or improve market share and relevance, and provide products and backup service in a responsible manner, capital investment in our network remains a primary focus area. In 2009, MTN invested R31,2 billion (an increase of 10,6% from the previous year) to improve the quality of service and extend the coverage provided by our network across our footprint. The key areas of investment included expanding the number of base stations, increasing network capacity and preparing for new generation solutions, extending coverage, improving infrastructure management and enhancing customer service levels. Section ■■■ of the Group annual financial report for 2009 contains more information in this respect.

## Bridging the communications divide

MTN's ability to extend affordable access to communication and information services across Africa and the Middle East is a fundamental contribution to socioeconomic inclusivity and development. Studies globally attest to the ability of people to affordably access communication services as an enabler of enterprise stimulation, improvement in health conditions, and "softer" benefits such as bringing families and communities closer to each other in the age of economic and other migration.

In spite of rapid uptake, many developing countries, including those in MTN's geographic footprint, continue to have relatively low levels of mobile penetration compared to other parts of the world. Often this is a case of affordability rather than an issue of network availability.

Handset affordability is one component of costs. Some operations introduced Virtual Number, enabling customers without handsets to make and receive calls, send messages and make financial remittances using someone else's handset. VMTN Virtual SIM provides customers with a unique mobile number and phone account, allowing them to use the handset of a family member, friend, or payphone operator. This service has extended communication access to the Base of Pyramid (BOP) segment. MTN Zambia offers handsets at a retail price of USD13, one of the lowest prices in the market. MTN Uganda is planning to subsidise handset costs.

Many of our other operations also enable community payphone services to reduce the cost of acquiring handsets and recharging phones. For example, MTN Uganda in partnership with Grameen Foundation USA implemented the VillagePhone solution to extend coverage in rural areas approximately five years ago. Micro-entrepreneurs, often female, purchase mobile phones, power solutions and discounted prepaid airtime using the microloan offered by the foundation. Use of the airtime on the phone is then sold to the community. The discount helps reduce the cost of calls, and contributes to margins enabling the entrepreneur to repay the loan. Many entrepreneurs have been able to extend their businesses, pay off loans, educate their families and improve their living standards as a result of this opportunity.

Call affordability (and network quality via reduced peak congestion) has been further enhanced through the introduction of MTN Zone, a dynamic pricing solution which delivers discounts of up to 100% of call costs, based on available free network capacity.

### Impact of Google SMS

Kisaakye Bukenya who heard about MTN Google SMS from staff training, asked over 6 000 community members about HIV/AIDS: how one can get infected with the virus, how to prevent infection, how to care for someone infected with the virus and more. This information prompted him to get tested at Mulago Kitoni, a clinic near his home in rural Masaka, Uganda.

At the clinic he was counselled about HIV/AIDS prevention including prevention of mother to child transmissions (PMTCT). He then told his friend, who was pregnant, about the service, and how she could use it to save her baby. She tried the service, and when she was convinced it worked, she went to Mulago kitoni health unit, took another test and started getting PMTCT services, Kisaakye says his friend is going to deliver safely at the same clinic. "I love the service and I think it is one of the greatest services offered by MTN: My friend and her baby are just one of the few people who have been saved by MTN; I know there are many more out there."

# *Our customers* continued

In 2009 MTN Uganda scooped the Best Solution for Rural Services award at the second AfricaCom Awards, for MTN Google SMS. Using Grameen Foundation's mobile phone application, MTN Google SMS offers information services enabling users to send SMS queries on business, farming, health, education, etc and receive a near-instant reply. Farmer's Friend, Health Tips, Clinic Finder and Google Trader, which helps create a mobile marketplace, have already attracted more than 1,7 million hits with a daily average of 12 800 hits to its rural services on health and agriculture, since its launch in mid-2009.

MTN Business is one of the preferred suppliers to the South African Department of Basic Education's Teacher Laptop Initiative (TLI). This project aims to equip more than 360 000 teachers nationally with laptops to improve the overall quality of education in public schools. MTN Business will provide internet connectivity services to users.

MTN Nigeria continues to empower rural women through the Rural Telephone Project, launched in 2002. Through microfinance, "phone ladies" are provided with equipment in order for them to offer call access to the community.

## Improving systems

After experiencing problems with a number of the Company's IT systems in the year, MTN South Africa embarked on a three-year development plan to upgrade those systems responsible for tracking, reporting and billing of a customer's network use. Working closely with a new team, to whom the Company outsourced its IT in 2008, improvements to the stability of various legacy systems have been made. Tools for better monitoring system performance have been implemented with the aim of ensuring a more versatile system with better developed customer solutions. A command centre has also been commissioned to allow faster tracking and resolution of system issues. MTN Uganda introduced e-billing and 6% of customers have taken up this service. MTN Uganda also educates customers on the impact of credit limits on their ability to make calls.

## Customer relations

As markets develop, customer intimacy and differentiation become key success factors. Improving service is one of the solutions to retention, reducing churn, and mitigating the impact of reduced spend due to the global financial crisis. Operations reviewed some of the challenges they faced in effectively servicing customers, and implemented appropriate solutions.

For instance, MTN Benin runs a mystery-shopper programme to assess customer service quality. MTN Uganda introduced a dedicated helpline for high-value customers, and MTN Cameroon implemented an integrated voice recognition (IVR) system for customer self-service and reduced waiting times. MTN Cyprus implemented secure protocols to enable prepaid customers to recharge their airtime using credit cards. However, to improve service relationships and realise digital strategy, development of MTN Online, a solution for international roamers to recharge their accounts, view and pay bills and complete line modifications such as activating value-added services, has been accelerated. The establishment of 30 point-of-sale facilities to increase bill payment centres for postpaid subscribers, has also enabled additional customer services.

MTN South Africa focused on improving service through issue escalation, root cause analysis, resolution and key learnings assessment, to help entrench improvements in service. Daily analysis of calls to the call centre is undertaken. Staff training and mentoring is undertaken in cases where the issue is related to the actions of a person involved. Performance is benchmarked against the Orange Service Index, (South African benchmark), the International Standard Call Centre Principles, and the AskAfrika Customer Service Index. The Customer Charter was introduced, detailing key commitments, consumer rights, and recourse via the regulatory authority. SMS security on smartphones was improved through the introduction of a software filtering mechanism on selected Nokia and HTC phones, the first in South Africa.

MTN Yemen addressed the risk of churn through the introduction of a loyalty programme. A customer retention programme based on free airtime provision was also launched to activate dormant accounts. MTN Cameroon implemented an integrated voice recognition (IVR) system to enable customer self-service and reduce waiting times. MTN Uganda introduced a dedicated helpline for high-value customers. MTN Nigeria ran a campaign warning customers about fraudsters soliciting financial and other benefits from the general public in exchange for prizes purportedly from MTN. A customer service charter was developed for all operations and is being implemented.

Operations also developed a better understanding of customers, which informed the design and implementation of a customer segmentation model.

### Innovation

MTN's Can Do spirit and culture of innovation focuses on staying in touch with the needs of our markets, and developing customised solutions. Examples of some of our initiatives over 2009 are:

- MTN MobileMoney enables subscribers to send money to family and friends or pay utility bills using a secure, easy and fast service. Electronic money reduces time and distance, and reduces the pressure on people to operate bank accounts or travel to financial institutions. MTN Yemen, Ghana, Uganda, Côte d'Ivoire, Benin, South Africa and Rwanda launched MTN MobileMoney over the last year with Congo-Brazzaville and Cameroon in progress.
- MTN Yemen introduced local recharge solutions. Prepaid customers travelling in Afghanistan, Iran, Sudan, Syria and Cyprus may now stay in touch through USSD (real-time information and data services) recharging solutions offered by MTN operations in the country of their stay. Aircraft roaming and maritime roaming services were also developed to address customer requirements for international roaming, and have resulted in increased customer satisfaction.

- MTN Cyprus operates in a maturing communications market gravitating towards the bundling of mobile, fixed telephony, broadband internet and television content. This introduces new sources of competition from broadband internet and cable TV players, among others. Therefore mobile network operator models will increasingly come under pressure if they do not evolve to meet customer needs for a "one-stop shop, one-bill experience".
- MTN Cyprus acquired OTEnet Telecommunications in 2008 and Infotel to expand broadband ISP, retail and retail services in addition to its network upgrade focus to realise its strategy of being a triple play: migrating mobile and fixed subscriber onto one billing platform and offering converged services to meet customer demands.
- MTN Ghana aims to significantly reduce operating costs and improve service levels by rolling out 3G network solutions to enable Ghanaians to access mobile broadband services. A trial implementation of the new technology commenced in late 2009.
- MTN Play, an interactive mobile access channel was launched to enable millions of MTN customers to enjoy digital 2010 FIFA World Cup™ content and near live match highlights in MTN's global footprint of 21 countries in Africa and the Middle East. This is particularly important given the number of consumers who do not have access to television. It will also help boost mobile penetration rates, especially as content is also available on entry level handsets.
- MTN Syria partnered with Bank Audi Syria to launch credit cards allowing customers to purchase products and services at points of sales and ATMs in Syria and internationally, while giving access to free local mobile minutes on MTN postpaid lines, depending on the amount of purchases and withdrawals on the card.

# *Governance and regulation*



MTN believes that good business ethics and corporate governance are key to the development of a vibrant private sector. This underscores all our decisions and drives all our processes. Our anti-corruption stance, integrity and code of ethics are well-known among our stakeholders, from whom we receive feedback.

## King III code of corporate governance

MTN has taken cognisance of the new requirements of King III and has initiated a project to assess gaps between MTN's sustainability practices and the requirements of King III. Current practices and systems will be adapted where necessary.

## Fraud management

Fraud emanates from both within businesses, and from external sources. MTN's key sources of fraud and corruption risks over 2009 arose from inappropriate systems, and opportunities for manual intervention. Types of fraud included increasing theft of diesel, airtime and other fraud, and procurement fraud.

MTN's approach to fraud risk management is both pro-active and re-active. Pro-actively MTN focuses on high fraud risk areas and how well we manage them. The re-active side looks at identifying fraud that has taken place, investigating, and monitoring.

An example of fraud was the circulation of fake scratch cards (recharge vouchers) in Yemen. Retailers would buy scratch cards from unauthorised dealers offering excessive discounts. Consumers purchasing these vouchers would subsequently discover the vouchers were invalid. MTN Yemen conducted an intensive awareness campaign among retailers, advising them not to purchase vouchers from non-authorised dealers. Information technology controls were also reviewed to ensure PIN security on these cards was adequate. To address the risk of diesel theft for instance, some operations have embarked on replacing BTS diesel generators with solar power.

In 2009 fraud risk was addressed through the following actions:
- The Heads of Business Risk Management (BRM) were tasked with operational fraud risk management. Additionally MTN Nigeria, South

Africa, Conakry and Benin appointed a dedicated forensics resource. Congo-Brazzaville will appoint a dedicated forensics staff member by April 2010.

- In some operations the revenue assurance function was segregated to ensure a dedicated focus on fraud identification (particularly airtime fraud).
- A revenue assurance tool was procured, and implementation is underway.
- The Whistleblower line **Tip-offs Anonymous** was launched for staff to report internal and external instances of potential fraud or unethical behaviour. The Whistleblower project supports MTN's move to discourage unethical practices within the Company and by extension, its partners. Calls to this line are free. A website and anonymous email facilities are also available.

Basic training in fraud awareness has now been undertaken in 85% of operations. Training for remaining operations will be undertaken when BRM functions are developed there.

### Business continuity planning

Unexpected events impacting key human resources, critical business infrastructure and processes are a key strategic risk for the Group and considered fundamental to business continuity. Efforts to mitigate these risks have always been on the risk agenda, but operations remained concerned about the ability to continue business in the event of a disaster. In 2009, this risk was addressed through the development of a business continuity management (BCM) strategy, comprising critical aspects of emergency response, crisis management, business recovery and resumption. A holistic management process to adequately address business continuity risks was implemented. It includes risks of low probability but high potential severity. A framework to build operational resilience using a phased approach

was also implemented. This has significantly enhanced MTN's capability to effectively respond in order to safeguard the interests of key stakeholders. Disaster recovery strategies or plans were also developed. A crisis management plan was defined, and investment in network infrastructure and redundancy has continued.

Operating companies have also adopted network architecture design principles coupled with major network investments to improve network redundancy. For instance, a West African regional switching centre has been established, and in the case of MTN Uganda, a fully operational call centre was implemented. A crisis management centre has also been established, which further supports the Group to deliver on its duty of care.

### Local participation

MTN is committed to partnering with local shareholders in all countries in which it operates. MTN regards this practice as essential in all of its operations to ensure that the benefits of its investments are shared with local investors and in turn to ensure that it benefits from the input of local knowledge at shareholder and board level.

### Broad-based black economic empowerment

The B-BBEE Codes or BEE, as this national imperative is known, was initiated by the South African government after democratic elections, following the end of apartheid, were successfully held in 1994. BEE aims to redress past socioeconomic inequalities by voluntarily requiring companies to enable African, Coloured and Indian people to own companies, through direct and indirect shareholding, participate in employment from executive-level downwards, obtain skills, and supply products and services to businesses. Points are earned by companies in terms of a national scorecard managed by the Department of Trade and Industry. These points are indicative of

# *Governance and regulation* continued

companies' willingness to transform, and enable access to economic opportunities. By building on the full potential of all South Africa's economic citizens of all races and both genders, the government hopes to sustain the development of a national economy in a just, inclusive and fair manner.

MTN South Africa's transformation scorecard in terms of the codes for 2008 is set out below (The 2009 scorecard will be audited and available in the latter half of 2010). This scorecard has been verified by Empowerdex, an economic empowerment rating agency accredited by SANAS, the government's national accreditation authority.

*Figure 1: Verified MTN South Africa transformation scorecard, valid until 21 July 2010*

**Level five contributor**

| Scorecard information | Actual score | Target score |
|---|---|---|
| Ownership | 14,67 | 20,00 |
| Control | 7,65 | 10,00 |
| Employment equity | 11,14 | 15,00 |
| Skills development | 10,05 | 15,00 |
| Preferential procurement | 6,43 | 20,00 |
| Enterprise development | 8,10 | 15,00 |
| Socioeconomic development | 3,33 | 5,00 |

| Analysis | Results |
|---|---|
| Total score | 61,37 |
| Procurement recognition level | 80,00% |
| Black ownership | 22,81% |
| Black women ownership | 0,00% |

## About telecommunication regulation

MTN operates under licences granted to it in terms of various telecommunications licences and associated regulations. The right to do business is established in these operating licences and impacts directly on MTN's business model and approach.

Various regulatory instruments eg, telecommunication policy and legislation, regulation promulgated under the legislation and licences issued to MTN change constantly. Regulators are becoming more prescriptive and intervening in the market as they look to support economic growth and open up specific markets. (MTN has to understand the regulatory and political environment in which we operate and develop guidelines for the operations to pre-empt and manage the regulatory agenda from time to time).

In 2009 MTN engaged with regulatory authorities on issues ranging from level of mobile termination rates (MTR or interconnection rates) and consumer affordability of tariffs, ensuring quality of service and best coverage across the network, the registration of SIM cards to identify subscribers, number portability, and broadband policy.

## Interconnection

There has been an increased focus by national regulatory authorities (NRA) on the effective regulation of interconnect charges, also known as mobile termination rates (MTR). MTN has noted all the requirements and the rationale that each NRA has proposed and continues to engage NRAs on this matter. It is necessary for operators and regulators to fully understand the detailed costs of providing interconnect services based on an approved cost model, to ensure that MTN and all network operators realise a fair return on facilities provided.

In South Africa, draft regulation regarding interconnection rates was published in April 2010. MTN is currently in constructive engagement with ICASA (the regulatory authority) to establish a rate going forward.

In Nigeria interconnection rates were reduced effective 1 January 2010.

In Uganda, the regulator proposed a MTR tariff which was less than the cost of network operations. MTN Uganda and the regulator reached settlement on this matter and are set to engage in the interconnection discussions.

Following the promulgation of the Information and Communication Technologies Act, Act 15 of 2009 in Zambia, MTN Zambia's licence will be migrated into the new licencing regime which is technology-neutral.

Increasing competitive activity through the issue of new licences is also a focus of regulators. MTN Cyprus upgraded the network to improve 3G service coverage and quality, and moved the data traffic management backbone to a fibre optic network, which is more reliable and stable compared to the old radio transmission network, to strengthen prospects for entering into a commercial agreement to access future Mobile Virtual Network Operator (MVNO) licences.

## SIM registration

For global authorities to combat crime, industries such as the financial and telecommunication services are required to register the details of their customers. SIM card registration has been introduced by NRAs in a number of markets.

# *Governance and regulation* continued

MTN has been involved in SIM registration for quite a while (Sudan, Iran, Botswana), and we have seen the staggered introduction of same in the various markets we operate in.  The Regulation of Interception of Communication Act (RICA) came into effect in South Africa. The Act stipulates that the phone numbers of active SIM cards not registered by Phase 1, ending 31 December 2010, must be removed from the network. New and existing cellular phone users are now required to produce a valid form of identification and proof of residential address. MTN subscribers on both prepaid and postpaid services can now register their details at a number of sites, including MTN centres and large retail stores. Customers requiring support can also contact a dedicated tollfree line from their cellphones.

In Nigeria, GSM operators requested the Nigerian Communications Commission (NCC)  to extend the start date of the registration process given the short notice period, lack of consensus on the identity form required, and the volume of registrations that needs to be undertaken. The NCC extended the start date to allow operators time to implement the necessary facilities to identify customers. To date, MTN Nigeria has worked on a process to drive registrations of both new connections (new customers), and existing customers. MTN's customer care centres and trade partners, representing over 7 000 points of contact with the public, are the key channels through which SIM card registration will be undertaken. Mobile registration vehicles will also be used to facilitate registration in public places.

SIM card registration considerations are also under discussion in Cameroon and Côte d'Ivoire.

Concerns have been expressed by the investment community about the impact of SIM registration on MTN revenues. Please refer to ■■■■ in the Group annual report about the impact of SIM card registration on subscriber numbers and revenue.

## Licencing

In Yemen, Cameroon, and Guinea Bissau, possible changes to telecommunication laws could impact MTN's existing licences. Various statutory instruments seek to introduce a technology-neutral licencing regime, extend the powers of the regulatory authorities to include regulation of competition, simplify licencing regimes, and enable competition. Most recently in South Africa the concept of technology-neutral licences was introduced. It is still not clear what this means, however, as operators still continue to invest in terms of their established business models. Also of concern is that the transition period from technology-specific licences and services to the new environment is insufficient. A similar situation has also arisen in Zambia. In Uganda a new licencing regime was introduced without repealing or amending the old legislation. MTN is in the process of evaluating this regulatory scenario. Wherever the licencing regime may change, we will monitor the possible impact and respond appropriately.

## Regulatory trends

Globally, there appears to be a trend by NRAs to transpose principles and tools developed in the fixed-line market context to the mobile operators. Given that some of these tools differ in both structure and form, mobile operators need to develop a better understanding of these trends, and determine how to influence and adapt to this evolution.

Some of the regulatory trends MTN anticipates in its operating environment over the longer term include the following:

- An increase in wholesale and retail price regulation, and consumer protection trends. In South Africa for instance, changes to the Consumer Protection Act scheduled for late 2010 will impact how we do business. A cross-functional team has been created to ensure business processes and systems are ready for implementation.
- A converged licencing regime, addressing voice, data and internet technologies.
- Ongoing focus on MTR, with a view to ensuring that consumers pay reasonable rates for calls.
- Subscriber registration, and call interception and monitoring, which allows legal authorities to access calls and records to combat crime.
- The requirement for network operators to share their infrastructure, particularly BTS infrastructure to fast-track roll out of telecommunication services geographically, and reduce the environmental impact of multiple BTS sites in close proximity to each other.
- Spectrum licencing.
- The role of mobile money transfer in enabling people (especially unbanked or under-banked communities) to transfer money electronically or purchase goods and services via their cellphones. Associated issues include financial regulation, customer information and security concerns.
- Number portability.
- Carrier selection and pre-selection.

# *Our people*

Our 34 243 people are our ambassadors, custodians of our values, innovators, and managers of our stakeholders.
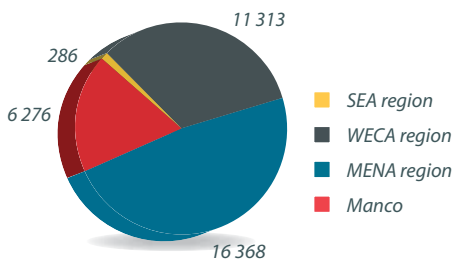
One of MTN's three strategic pillars is to leverage our intellectual capacity to realise our vision. Our 34 243 people are our ambassadors, custodian of our values, innovators, and managers of our stakeholders. MTN's annual culture audit is an important tool in measuring staff opinions and perceptions, and provides valuable feedback to leadership teams in each country of operation.

## Valuing employees

Building a strong value proposition for employees that focuses on brand leadership, people development, work-life balance and diversity – a key strength of MTN and source of innovation and creativity – helps address competitive challenges and enables sustainable employee management practices. One of the attractive features for staff is the Group's facilitation of employee rotation across the regions in which we operate. This enables knowledge sharing and the alignment of new acquisitions to the MTN culture, promoting a standardised customer experience across the Group.

Unfortunately, given tougher trading conditions coupled with improved operational efficiencies, MTN South Africa made the difficult decision to retrench 7% of its employees (403 people) and reduce the number of temporary employees in late 2009, effective in 2010. A consultative route was followed, to avoid and mitigate the impact. Affected staff were offered time off to seek alternative employment in advance of working their notice periods. Support and counselling services were also made available to all employees for use at their discretion.

MTN Cyprus set an objective of being a preferred employer following a merger between OTEnet Telecommunications, Infotel and MTN Cyprus in 2008. The operation focused on ensuring the integration of 200 additional employees into the business. Integration was structured in two phases, with office staff integration achieved in 2009, and retail staff integration planned for 2010. Exercises under the theme "Ahead as One" enabled this complex change management process.

Figure 3: Employee distribution by region and head office (Manco)



- SEA region
- WECA region
- MENA region
- Manco

11 313
286
6 276
16 368

In 2009 it also participated in a Cyprus-wide salary and benefits survey undertaken by KPMG Cyprus. As a result, a number of initiatives were undertaken to bring consistency within the merged entity and maintain preferred employer status. In 2010, MTN Cyprus will further standardise benefits and develop a compensation strategy, clearly defining salary ranges and levels, and monitor market benchmarks.

### Training and development

Highly skilled and engaged employees are a competitive differentiator in the telecommunications industry. Offering opportunities for career training and employee development enables leadership development, succession planning, and talent retention and attraction. The MTN Academy, launched in late 2008, helps us grow and develop our employer value proposition by investing in our people, developing our culture and growing our organisation. In 2009 the MTN Academy helped create a standardised approach to learning and development initiatives across our diverse geographic footprint. Regional learning centres have been established in Johannesburg, Accra, and Dubai. Learning solutions, leadership talent management, coachingand performance support, and services such as organisational development, standards, best practice and benchmark research now enable a holistic, Group-wide response to the need to develop our talent, and help operations realise their objectives. MTN Yemen, Uganda and South Africa introduced the leadership talent management (LTM) programme, a new approach to learning and skills development based on self-development, to mitigate inadequate depth of managerial skills and lack of time to register for training by busy managers.

MTN South Africa offers learning through experience programmes to newly qualified graduates. In 2009, 76 graduates were placed in the business. These graduates work in the areas of engineering, legal, sales and marketing for a period of 24 months. An additional six trainee chartered accountants were also placed in the business. Under the South African Institute of Chartered Accountants' three-year programme,

MTN placed an additional six trainee chartered accountants in the business in 2009, and allocated seats for more trainee accountants. Sixteen university students have also benefited from MTN South Africa's full-time bursary award to deserving students. Bursaries to the value of R5 000 are made available to full time MTN employees.

### Health and safety

Concerns about staff morale and absenteeism saw operations focus on health and safety in 2009. MTN Cameroon ran staff health awareness campaigns, and encouraged employees to plan leave over 2010, to improve productivity and reduce absenteeism. MTN Cyprus appointed a health and safety officer, established a health and safety committee, and rolled out training for staff. Risk assessments and a health and safety policy were completed, and a closer working relationship with the Cyprus Labour Office established. MTN Yemen responded to numerous staff complaints about the extent of medical aid coverage by engaging a new medical aid coverage scheme, which extended benefits for staff including treatment cover for both in-patient and out-patient requirements, and maternity cover.

### Recognition

The MTN Y'ello Stars campaign, now in its fourth year of existence, was launched to boost staff morale and creates a sense of belonging by recognising outstanding employees. Nominees are elected by their peers. Winners in 2009 included Saleh Salem Saleh Al-Nakhlani for knowledge sharing in MTN Yemen, Zaher Surgul who most displayed the Group's values in MTN Afghanistan; Silvere Bitsamina for customer service in Congo-Brazzaville, and overall star performance by Davies Emeka-Eke in MTN Nigeria.

Operations also honour staff in commemoration of national or international events, for instance International Women's Day, and celebrates Workers' Day.

# *The environment*

MTN operates in some of the most vulnerable and less fortunate countries in the world. Environmental matters therefore directly impact lives and economies across our footprint.

For MTN, environmental issues are also socioeconomic issues. MTN operates in some of the most vulnerable and less fortunate countries in the world. Environmental matters therefore directly impact lives and economies across our footprint. We therefore recognise that we have an important role to play in ensuring that the impact of our activities on the environment is managed responsibly.

## Electromagnetic frequency and safe communications
### Science and EMF

Cellular phones send and receive voice and data communications from base station sites, using allocated radio frequencies or electromagnetic spectrum. Communities, staff members and authorities may express concern about possible health effects that could result from exposure to spectrum or electromagnetic waves.

Electromagnetic waves specific to cellphone technology are known as non-ionising radiation. This means they are not capable of breaking chemical bonds in humans or removing electrons (ionisation). In this respect they are very different to, and should not be confused with, ionising radiation produced by X-rays and gamma rays.

### About radio signals

Radio signals, radio waves, radio frequency (RF) or electromagnetic fields (EMF) are some of the terms used to describe energy that travels through space.  Visible light is the most common form of energy through space. Other EMF sources include televisions, microwaves ovens, computers, light bulbs, cordless phones and digital clock radios.

Electromagnetic energy consists of waves of electric and magnetic energy components moving together through space at the speed of light. The movement of electrical charges generates these waves. In the case of cellphone technology, the movement of charges in a transmitting radio antenna creates electromagnetic waves that emit away from the antenna and can be picked up by a receiving antenna.

Internationally much work has been done on the safety of human exposure to RF EMF. The International Commission on Non-Ionising Radiation Protection (ICNIRP) is a body of independent scientific experts whose principal aim is to share information and advice on the potential health hazards of exposure to non-ionising radiation. ICNIRP guidelines, based on over 40 years of RF bio-effects research, have been endorsed by the World Health Organisation (WHO) and were further internationally endorsed as the accepted RF exposure guidelines by the European Commission in July 1999.

The results of international studies, and positions undertaken by authorities including WHO, European Committee for Electro Technical Standardisation, the UK National Radiological Protection Board, the American National Standards Institute and Standards Australia indicate there is no substantiated scientific evidence that radio signals from base stations, operating in accordance with recognised safety standards, pose a health risk.

**For more information go to: WHO: www.who.int/peh-emf ICNIRP: www.icnirp.de**

### MTN and EMF

Electromagnetic freqency levels in areas surrounding MTN base station sites in residential areas are well below the ICNIRP guidelines. MTN achieves this through the adoption of best practice and does not raise signal strengths beyond that which is necessary to achieve service objectives.

Stakeholders often ask for 100% guarantees of safety. Scientifically it is not possible to provide 100% guarantees. However, we insist on very high standards of safety and ensure that these standards are achieved through regulation to ensure safe co-existence with communities.

MTN supports open, independent, quality, scientific research. We continually review the results of RF research performed throughout the world, and also continually review our policies based on latest research findings to ensure operations are consistent with the most current health and safety standards information.

We are committed to applying these best practices to ensure that our staff and the public are not harmed by EMF emitted by mobile network infrastructure and have formalised our EMF Guidelines document for all operations. These guidelines require all our operations to ensure we meet the minimum EMF exposure requirements prescribed in the 1998 ICNIRP guidelines.

Our guidelines prescribe that in countries where there is existing legislation and regulations around EMF, these national limits should be taken into consideration. Then the more stringent of the two EMF exposure requirements will be implemented in the specific MTN operation. Commencing 2010, those operations which do not currently maintain a basic compliance programme will be required to implement this, using guidelines issued by WHO, the EU, and Institute of Electrical and Electronics Engineers (IEEE) RF Safety Programme.

# *The environment* continued

**Examples on how MTN addresses community concerns about EMF:**

- MTN South Africa surveyed 408 BTS sites located near hospitals and schools.
  Of the 261 assessments that were completed, all were found to be compliant in terms of the INCIRP guidelines. Assessments of 147 sites are still to be undertaken.

- In MTN Cyprus, EMF emissions are regularly measured to ensure emissions remain significantly lower than minimum EU standards. All sites are measured twice a year. Together with organisational support from the Union of Municipalities, MTN Cyprus and the incumbent service provider are the official sponsors of information seminars on "*EMF and mobile telephony in our lives*". These seminars are organised for each district, and delivered to local authorities and residents. Spokespersons include representatives from the Department of Electronic Communication, Ministry of Interior for Town Planning, medical radiation, paediatrics, and technical specialists on BTS installations. In 2010, mass market communication via the distribution of information leaflets is planned.

- MTN Yemen has started working with the Ministry to Telecommunications on the matter of health safety regulations, and creating awareness about EMF in targeted communities.

## Carbon footprint

Carbon ($CO_2$) footprinting is the determination of the amount of carbon and associated greenhouse gases (GHG) emitted as a result of operations. The United Nations Intergovernmental Panel on Climate Change (UN IPCC) has indicated that GHGs are a key contributor to global warming and associated climate change impacts.

Carbon Dioxide ($CO_2$), Methane ($CH_4$), Nitrous Oxide ($N_2O$), Hydrofluorocarbons (HFCs), Hydrochlorofluorocarbons (HCFCs) and Perfluorocarbons (PFCs), and Sulphur Hexafluoride ($SF_6$) are indicated as the six GHGs contributing most to global warming. Together they are often also referred to as carbon dioxide equivalents ($CO_2e$) for the purposes of footprinting.

*Figure 4: MTN Group 2009 $CO_2$ footprint*



Total scope 3 – $CO_2e$ emissions 4 414 (1%)

Total scope 2 – $CO_2e$ emissions 281 201 (50%)

Total scope 1 – $CO_2e$ emissions 280 246 (49%)
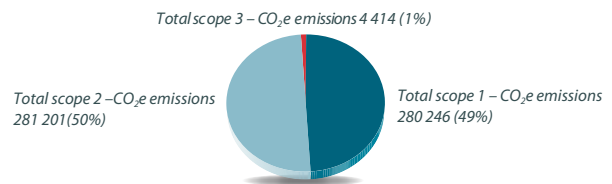
While ICT companies are responsible for less than 2% of GHGs globally according to the Gartner Group's industry survey in 2007, everyone is responsible for reducing their impact. The opportunity for MTN to reduce its direct impact and to contribute to solutions that will reduce the impact of other sectors is important to us.

## About MTN's CO$_2$e footprint

In 2009 we undertook our first detailed and wide-scale CO$_2$e footprinting exercise. Seventeen carbon footprinting champions were trained. To create an understanding of the context for footprinting, and to obtain the required data for the calculation, an additional seven colleagues observed the training process. Phase 1 footprinting focused on the carbon intensity of MTN South Africa and head office (Manco), Nigeria, Uganda, Ghana, Cameroon and Syria. Together these operations represent 62,2% of MTN by subscriber numbers. We calculated our CO$_2$e footprint in terms of the Carbon Disclosure Project sustainability invest-screening standard. The following table indicates the scope definitions used to determine our footprint.

MTN's 2009 Carbon Disclosure Project report will be published on www.cdproject.net towards the end of 2010, and on www.mtn.com/sustainability in June 2010.

The Group's footprint for the period 1 January 2009 – 31 December 2009 is 565 860 tonnes CO$_2$e. (We estimated that this is equivalent to driving 213 average-sized vehicles 3 195 000 kilometres in total over a period of one year).

MTN's greatest contribution to CO$_2$e emissions accounted for 49% of total emissions, while our purchase of energy from utilities (Scope 2) contributed to 50%. We were unable to determine the energy intensity of data centres, as our reporting systems do not currently capture different zones within office premises. Air and vehicle fleet emissions accounted for 1% of total emissions.

While a number of variables such as energy source type, operating environment, etc, impact energy and CO$_2$e intensity, and direct comparison are therefore not possible, we believe there is merit in determining intensity in relation to our peers. This information was sourced from the various companies' Carbon Disclosure Project reports.

| Scope | Emission sources included |
|---|---|
| **Scope 1 – Direct emissions** | • Consumption of fuel in vehicles owned by MTN<br>• Consumption of fuel for the operation of generators<br>• Fire suppression equipment consumption<br>• Refrigeration and air conditioning equipment |
| **Scope 2 – Indirect emissions** | • Consumption of purchased electricity on site |
| **Scope 3 – Indirect emissions** | • Air travel<br>• Business mileage (rented vehicles only) |

# *The environment* continued

*Figure 5: Benchmarking MTN's emissions against other telecommunication companies*

| | MTN | Fixed line South African operator | European and African mobile operator | French mobile operator | German mobile operator | Chinese mobile operator |
|---|---|---|---|---|---|---|
| **Total emissions (tCO$_2$e)** | 565 860 | 623 155 | 1 681 580 | 1 087 277 | 2 841 132 | 7,9 million |

We learnt that our energy use at our base stations, switches, and data centres proportionally use significantly more energy than traditional offices, and therefore presents the greatest opportunities for reduction. Rising prices of electricity together with poor levels of availability in many of the countries in which we operate, and possible energy price increases as a result of carbon taxes, is likely to improve the financial viability of energy efficiency projects.

It is clear that we will need to pro-actively address regulatory risk in the form of pending GHG regulation in South Africa in the short to medium term, and possibly a number of other countries of operations. We will need to continue identifying and leveraging commercial benefits in the form of energy and cost savings. We need to focus on reducing the use of diesel in generators supplying power to facilities. This will, however, challenge MTN over the short to medium term, especially in countries of operation where power from national utilities is not guaranteed or secure.

We will also need to continue and accelerate focus on securing alternative and lower carbon forms of energy, assisting the business in providing long-term energy security and business continuity, which is important for BTS sites, data centres and switches. This opportunity will help use reduce both Scope 1 and Scope 2 emissions. Staff awareness to encourage behavioural change is also critical.

"ICT's largest influence will be by enabling energy efficiencies in other sectors, an opportunity that could deliver carbon savings five times larger than the total emissions from the entire ICT sector in 2020" *The Climate Group and Global e-Sustainability Initiative.*

As an ICT company, our role in reducing the impact of other sectors through de-materialisation (substituting high carbon or physical products with electronic solutions eg, e-commerce, video conferencing and teleworking) will help the global economy reduce emissions. The increased use of technology and electronic communication solutions can help reduce energy and resource-intensity of other sectors of economies. ICT companies can help other sectors optimise how they operate, and how society works and lives to lower impact businesses. In so doing, ICT companies will be in a position to contribute in the fight against rising emissions and global warming. MTN needs to explore these opportunities.

**Greening 14th Avenue – MTN South Africa's LEED progress**

In 2009 MTN South Africa, with Atos Engineering, undertook a detailed level 2 Leadership for Environmental Energy and Design (LEED) audit on head office premises in Johannesburg. The focus of the audit was to identify and analyse capital-intensive building components with the potential to be optimised to reduce costs (including a target of 15% – 30% of energy use) and environmental impact. The audit was conducted on energy and atmosphere, water efficiency and indoor environmental quality. A number of detailed recommendations to reduce environmental impact in these areas were set out. Prioritisation and implementation will commence in 2010. Implementation will span multiple reporting periods. MTN South Africa is also currently updating its environmental policy. MTN South Africa is an ISO14001-certified company.



**Reducing MTN's $CO_2e$ footprint**

MTN will make the most notable difference to reducing the carbon intensity of operations by reducing its use of "dirty" power and/or migrating to alternative and cleaner sources of energy. The use of alternative energy solutions will both address environmental and commercial costs over the longer term. We have assessed the possibility and viability of alternative energy solutions to power a number of our BTS sites. For instance we review the opportunity to replace diesel generators with alternative solutions such as solar-powered panels. Hybrid and solar-powered base transceiver stations (BTS) trials have been undertaken in Sudan, and trials or operational BTS sites are active in Cameroon (particularly at sites with low power requirements).

# *The environment* continued

In Côte d'Ivoire we implemented a hybrid genset (HGS) solution consisting of technology working in cycling mode from 12 hours on gensets to 12 – 24 hours on batteries depending on the load. As a result, the BTS saves about 50% on fuel and 50% in maintenance fees. $CO_2$ output is also reduced by 50%.

We completed the implementation of an off-grid BTS in Kleinaarpen in South Africa. Kleinaarpen is primarily powered by solar and wind, with a hydrogen fuel cell supplying the secondary power source. Also in South Africa, the Smalvisch project currently underway in Upington will implement a BTS powered by a hybrid solar/wind solution. Further projects with respect to the use of biogas and fuel cell technology in South Africa are under development. For instance, two sites in Delmas, South Africa, have been identified as having potential to be powered by natural gas. An agreement to this effect has been secured. In Kimberly, South Africa, agricultural biogas is available from the Beefmaster Group, and an agreement has been negotiated.

The use of a hydrogen fuel cell for GSM and 3G base station backup (as an alternative to diesel) at one of our operations in Swaziland is currently being trialled. Hybrid solutions are also being trialled in Guinea Conakry, Rwanda, Liberia, Nigeria, and Uganda.

In addition to alternative power sources, we also assess opportunities to manage BTS sites more efficiently in terms of power and fuel, to reduce our reliance on diesel and other less environmentally friendly power sources.

## Infrastructure sharing

Network operators that share their base station infrastructure, such as towers, security and energy requirements, and shared transmission infrastructure benefit both in terms of reduced operating and capital costs, and a lower environmental and social impact.

The Group is actively pursuing several opportunities to share infrastructure assets across its footprint in Africa and the Middle East. MTN is, among others, engaging with other mobile operators to explore site-sharing, leasing space on towers to other operators, and jointly rolling out fibre networks.

MTN is the largest investor in the Eastern Africa Submarine Cable System (EASSy), a fully integrated high capacity, multi-technology network. EASSy is an undersea fibre-optic cable that will link the countries of southern, eastern and northern Africa to the rest of the world through various interconnection points to the existing global submarine cable network.

EASSy goes live at the end of June 2010, and will allow MTN to significantly enhance its offering to its customers in South Africa, Swaziland, Namibia, Botswana, Zambia, Uganda, Rwanda and Kenya with much sought-after international bandwidth capacity. MTN has also invested capital in similar ventures such as the Europe India Gateway (EIG), SAT-3, Main-1 and the West Africa Cable System (WACS). These investments form part of the Group's strategy to ensure further operational cost reductions and increased quality delivery by all our operations.

## Other environmental issues addressed over 2009

### E-Waste

Electronic waste or e-waste is any form of technology that has been discarded or is no longer required. Discarded computers, televisions, refrigerators and mobile phones all contribute to globally increasing amounts of e-waste. Environmental groups such as Greenpeace indicate that e-waste is predominantly dumped in developing countries. Since e-waste contains valuable components such as copper and gold, among others, communities and workers often attempt to salvage the waste. However, electronic devices also contain lead, cadmium, beryllium, mercury, and other heavy metals, brominate flame retardants and other toxic and chemical components, which are harmful to both humans and the environment.

MTN's direct and indirect generation of e-waste predominantly stems from obsolete computers and associated information technology, the provision of cellular phones in some of our markets, eg, South Africa, and as a supplier of physical prepaid airtime recharge vouchers.

Operations have responded to the concerns about e-waste by undertaking actions specific to their country context. For instance, MTN Yemen, in support of the Ministry of Environment's call for telecom operators to help create a strategy for dealing with mobile waste, plans to adopt the national strategy in 2010, and help the Ministry to implement its strategy. To reduce the blight of plastic vouchers on the landscape or to landfill sites, MTN Congo-Brazzaville and Yemen accelerated the use and distribution of electronic voucher distribution process. Electronic voucher distribution (EVD) is also available from MTN Cameroon and MTN South Africa. MTN Cyprus is a member of Green Dot, the European Packaging and Waste Directive

(94/62/EC), AFIS (recycling protocol for batteries), and Waste Electrical and Electronic Equipment European Union Directive (recycling protocol for used electronic batteries).

As a Group, MTN acknowledges that we need to develop a better understanding of our e-waste generation, and a strategy, customised for local operating conditions, on how to address this issue. We will leverage the experiences of operations to address this issue. This is one of our top three sustainability initiatives planned for commencement in 2010 and will span multiple reporting periods.

### Community and the environment

Community engagement is an important issue in the locating of masts and base station sites. Many BTS sites, particularly older ones are often bulky and unpleasing to the eye. MTN Cyprus formulated a long-term strategy to replace all urban installations with hidden solutions that blend into the landscape harmoniously. In addition, an entire network swap-out exercise will take place throughout 2010 which would also effectively see the replacement of the bulky tall sites with significantly less bulky, and more fuel efficient, radio equipment. The use of solar power for site energy requirements has helped reduce noise pollution in a number of operations.

MTN Uganda has engaged with the National Environment Authority (NEMA) to address delays in mast erection and complaints from communities. As this issue affected all operators, a task force uniting nominees from operators, the national regulator UCCC, NEMA and the ICT sector was formed to develop recommendations on resolving this issue. The results will be presented to the NEMA director in 2010 for ratification.

# *The environment* continued

Plastic bag litter is a blight on the Yemeni landscape. MTN Yemen has worked with NGOs to implement an awareness campaign in rural areas, aimed at explaining the dangers and effects of plastic bags to the environment. Due to the low levels of literacy, the campaign focused on CD-based movies and pictures. MTN Yemen plans to work with more NGOs to create awareness on this issue.

Globally environmental issues have a significant socioeconomic and community impact. By association, the impact on the communities in which MTN operates is an area of concern. Given the importance of Africa's rainforests in mitigating climate change, and to enhance environmental awareness among communities, a number of operations undertook activities in 2009.

MTN Zambia submitted an environmental assessment to the Environmental Council of Zambia, the first national operator to do so.

To combat advancing desertification in the north of the country, MTN Cameroon partnered with WWF to plant 60 000 trees (exceeding its target of 30 000). Over 200 000 trees have been planted since 2005. Communities were educated on the importance of trees, how to protect and conserve them. This included a programme to train

women to manufacture cooking stoves to reduce the harvesting of trees for firewood. Further training is planned. Technical staff have been trained on seedling production techniques. Further community training is planned for 2010. Together with UNICEF, six water points were also drilled to address the lack of available potable water in communities. More than 3 300 children will benefit from this.

MTN Ghana similarly engaged in tree-planting efforts to combat wind erosion and provide a noise pollution buffer. MTN Uganda planted 1 000 trees in a protected national heritage site, as part of its sponsorship of the National Forestry Authority's Summit Africa Conference to sensitise youth on environmental conservation.

In Congo-Brazzaville, MTN initiated a cleaning, weeding and garbage collection programme in popular city areas in Brazzaville and Pointe Noire. Flyers were distributed to teenagers and local sensitisation and debates among communities in conjunction with local chiefs were organised. To help improve living conditions in the north of Brazzaville, 7 000 fruit trees were made available for both subsistence requirements and to combat tree harvesting and deforestation.

# *The community*



We believe that by investing in the communities in which we operate, we are helping create a better future in emerging markets.

We believe that by investing in the communities in which we operate, we are helping create a better future in emerging markets. Our community investment is about long-term sustainable contribution. Our approach is to achieve this through meaningful partnerships and pro-active community involvement.

We invest in communities through two vehicles: the MTN foundations and our staff volunteer programme, *21 Days of Y'ello Care*.

## MTN foundations

In 2006 the board stipulated that all MTN operations were to reinvest up to 1% of profit after tax (PAT) in corporate social responsibility activities. Operations that did not at the time have existing foundations commenced implementation. Operations undertaking CSR either set up separate legal structures or non-profit organisations (NPOs) or internal CSR divisions within the business. The structure of foundations is dependent on various factors including the size and maturity of the operation, and the legal requirements of the country in which it operates.

Community investment via MTN foundations supports multi-year, sustainable projects and nationally aligned priorities such as environmental management and economic empowerment.

Foundations are required to report back on a quarterly and annual basis on projects that leverage resources and expenditure justifiable against impact and sustainability, and the degree to which projects have had positive outcomes on communities. A budgetary review is also undertaken.

We indicate below some examples of initiatives undertaken by various operations in line with the three pillars. Where operations have undertaken other initiatives of national priorities such as environmental preservation and entrepreneurship, these have been noted in other pertinent sections of this report.

## *The community* continued
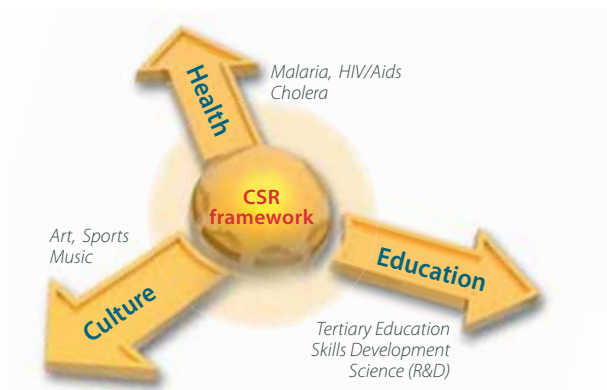


The diagram above indicates the focus areas of the MTN foundations which seek sustained results in key areas of human development.

## Countries in which MTN foundations exist

| | |
|---|---|
| • Afghanistan | • Nigeria |
| • Benin | • Rwanda |
| • Congo-Brazzaville | • South Africa |
| • Côte d'Ivoire | • Swaziland |
| • Ghana | • Uganda |
| • Guinea Bissau | • Yemen |

### Health

Cameroon is concerned by the high death toll in the country due to lack of health structures catering for sickle-cell disease. As such, MTN Cameroon partnered with the Lions Club to build a treatment wing at the Douala Laquintinie hospital. Construction will continue over 2010. In Yemen, MTN identified an area of the country with the second highest spread of cancer, and established a specialised laboratory to assist in early detection of cancer. We plan to provide equipment and establish laboratories in other areas of the country. More than 500 people benefited from a donation of a bus for the handicapped by MTN Yemen.

MTN Cameroon subsidised HIV/Aids treatment for 5 000 people. MTN Cyprus has been the official sponsor of the Cyprus Special Olympics football team for the past two years. The sponsorship focuses not only on financial contributions, but also creates public awareness of the team and its efforts.

MTN Ghana focuses on maternal and child mortality. MTN Uganda undertook a mass SMS campaign about polio, in conjunction with the Ministry of Health. MTN South Africa promotes healthy lifestyles and behaviour change in schools.

In Congo-Brazzaville, MTN implemented the **Yellow Line 950 50 50 Project**, in partnership with the state organ SEP/CNLS, to provide free psychological and moral assistance to communities regarding HIV/Aids. The operation also delivered information about H1N1 flu prevention across various forms of media.

MTN Benin implemented projects to assist with national disasters such as cholera. It also donated medical material to a district hospital. The toll-free Yellow Line call centre facility was established to provide HIV/Aids information, orientation and assistance to subscribers. MTN Benin also provided funds to Mercy Ships, a fleet of hospital ships delivering free, world-class healthcare services to those without access in the developing world. In Uganda, the lack of access to adequate health facilities saw MTN partner with Stanbic Bank to construct a health centre in the Lela Abaro community. The centre will be opened in April 2010.

Concerns about the level of road deaths across the European Union prompted MTN Cyprus to subscribe to the objective of reducing the number of deaths by at least 50% by 2010. The commitment was signed by CEO Mr Bassel Jamaleddine, and is extended internally to the driving behaviour of MTN employees, and the use of company vehicles.

### Education
To overcome the gap in IT knowledge, strengthen the Congolese educational system, and improve working conditions for students, MTN Congo-Brazzaville previously implemented school connectivity solutions in universities in the city of Brazzaville. A culture of excellence is encouraged through the sponsorship of ceremonies rewarding the best students.

MTN Benin facilitated the building of classrooms for school children in remote areas. By building a three-classroom module for schools, the number of children per class has been reduced from 120 to 50.  To bridge the digital divide in communities, especially schools,

MTN Cameroon supplied new computers and internet connectivity, opening four multimedia centres in schools. Access to these facilities is available to both students and the community at large. MTN Uganda ensured the complete refurbishment of the Gulu Prison's Primary School, including classroom blocks, bathroom facilities for disabled children and access to piped water. This school was specifically selected as these special-needs children had never received assistance from development partners prior to MTN's involvement.

In Yemen, MTN established sewing and embroidery training centres for women, to improve their self-dependency, and address the challenge of the impact of the 40% illiteracy rate among women.

MTN Nigeria continued to support NetLibrary Nigeria Limited, providing digital access to information and infrastructure at Federal Universities. With SchoolNet Nigeria teachers and students in public secondary schools have access to ICT, to enhance user confidence and add value to their learning and lives.

MTN South Africa provides state of the art ICT centres in rural schools. Of the 90 targeted implementations, 60 have been completed in 2009.

### Culture
MTN Uganda partnered with the Community Based Tourism Initiative (COBATI), to empower communities through rural-based tourism. A pilot project was initiated to empower the Nubian community in Bombo by using their culture and traditional way of life to tap into the tourism market. The pilot will be conducted for one year, and could be adopted by other communities.

# *The community* continued

In partnership with MUSON School of Music, MTN Nigeria offers a scholarship programme to talented young people from less privileged backgrounds, enabling full study for a two-year MUSON Diploma in Music.

MTN South Africa sought projects to improve arts and culture education, build art-educator capacity through training, improve art-related literature and publications, and share the 1 400-piece MTN art collection with people in targeted communities.

## Volunteering: *21 Days of Y'ello Care*

The *21 Days of Y'ello Care* programme is conducted in each operation over 21 days in May or June of each year. From humble beginnings in 2007, the programme has grown substantially, and has received accolades from governments, customers, communities and the media.

Motivation and support for staff volunteering is provided through awarding the Group President and CEO Y'ello Care Award to the operation with the highest percentage of staff volunteers, and greatest community impact. The winning operation keeps the trophy for one year, and wins USD100 000 cash for their community care and CSR initiatives. Operations also receive commendations in terms of the MTN values they have exhibited during their volunteering initiatives.

MTN Yemen was the 2009 (and 2008) winner of the Group President and CEO Y'ello Care Award. Using Y'ello Care as a vehicle to increase employee engagement, robust, supported and sustained initiatives

were undertaken, with staff even applying for personal days or coming in from their leave periods in order to volunteer. A total of 93% of staff participated, and each undertook, on average, three initiatives. From cleanup initiatives, including the historical-places cleanup campaign in support of tourism, road safety campaigns with general traffic management, support for football and sporting activities, donations and care for orphans, MTN Yemen continues to exceed its own level of volunteerism and its national impact each year.

In 2009, 40% of MTN staff volunteered their services.

*Figure 10: Increase in staff volunteers between 2007 and 2009*

The story of MTN Yemen's support for the community is depicted below.

CEO's letter of encouragement +

Many forms and media were distributed +

Activation plan +

MTN Yemen's story.

The Results

One of many national volunteering teams +

# *The community* continued

Some examples of the initiatives undertaken are indicated below. We acknowledge and are proud of the efforts of all our volunteers, and the CEOs who actively support and work alongside staff and communities.

*Guinea Bissau:*
food and mosquito nets to orphanages
Community cleaning
Football initiatives undertaken

*Guinea Conakry:*
cleanup campaign, distribution of treated mosquito nets, and anti-mosquito insecticide spraying

*Liberia:*
mattresses, wheel chairs, stretchers, micro-scopes, water barrels, etc, donated to health centres. Medical institutions cleaned up

*Côte d'Ivoire:*
cleanup and anti-malaria campaign, ports complex restoration, blood donation drive

*Ghana:*
International Children's Day celebration

*Benin:*
tree-planting and boat-building to transport earners from lake-village to school

*Nigeria:*
cleanup campaign. Care for orphaned and vulnerable children

*Cameroon:*
cleanup campaign at facilities for vulnerable children

*MTN Head Office in South Africa (Manco):* built earthworm farms for income at orphanage and distributed football items

*Afghanistan:* drug awareness project, mosque, road and drain cleanup, potholes filled, and blood bank donations

*Syria:* computer literacy, tree-planting, donations and other initiatives at orphanages

*Cyprus:* volunteering at children's homes, homes for elderly, paraplegic organisations, and Red Cross. Financing also raised. Improved football stadium facilities for disabled

*Sudan:* football fields refurbished, water pump installed at Um Juairain village mosquito nets distributed and orphanages refurbished

*Uganda:* reforestation: 21 000 trees in 21 hectares, with local community. Sought out football talent in underprivileged communities

*Rwanda:* USD1 carwash campaign to raise funds for orphans of 1994 genocide was undertaken. Football fields were also refurbished

*Congo-Brazzaville:* cleanup campaign and mosquito net distribution

*Zambia:* water tank installed at local primary school. Malaria nets distributed

*Swaziland:* "End Hunger" walk held, and cleanup and poverty alleviation campaigns undertaken

*South Africa:* refurbishment was undertaken at various institutions caring for orphans and the elderly. Vegetable gardens planted

## Legacy projects

As a multinational telecommunications company operating in Africa and the Middle East and as the only African global sponsor of the FIFA 2010 World Cup™, MTN recognised that is had a particular opportunity to use its sponsorship to make a measurable contribution to social development in the countries in which it operates, using Africa's love for football to create a lasting legacy. To address persistent challenges and accelerate achievement of the Millennium Development Goals, we incorporated two Group-wide legacy projects in the health and education fields.

- Globally one person dies of malaria every 30 seconds, and the majority of the one million deaths are among Africans. This creates both a health and socioeconomic challenge in most of our markets. Our partnership with United Against Malaria (UAM) helps us leverage football as a vehicle to raise global awareness, renew worldwide commitment to ending malaria, and increase the use of prevention tools and malaria treatment in Africa.  MTN has committed to be 100% malaria free and will, among other things, use our SMS platforms, service and retail outlets, intranets, and other tools to support UAM's malaria education, awareness and bed-net distribution activities.

- With more than 75 million children around the world being denied an opportunity to go to school, MTN and other participating mobile operators are sending text messages to over one billion people globally. This supports the *1Goal: Education for All* initiative. MTN aims to collect names and gather support from the public to petition all governments to meet their "education for all" targets by 2015. *1Goal: Education for All* will present the results ahead of the next UN Millennium Development Goals meeting in September 2010.

**Go to www.join1goal.org for more information.**

# *Our suppliers*



Our suppliers are important corporate partners who have the ability to materially impact our economic position.

In 2009, MTN spent R31,2 billion on capital procurement alone. The bulk of the goods and services we procure relate to network and IT equipment and services. Our suppliers are therefore important corporate partners who have the ability to materially impact our economic position. Our largest areas of operational costs include consumer products such as handsets and SIM cards, travel and insurance, and our use of service providers and consultants, among others. Part of our strategy as a leading telecommunication company is to continually seek new solutions and to provide value-adding, competitive products and services. Suppliers are also customers and stakeholders, and contribute towards socioeconomic development through job creation and community development.

The Group's procurement objectives include:
- Standardising procurement processes and complying with best practices on procurement skills, structures and functions.
- Ensuring that MTN's least cost operator objectives are met by continually driving down product and service costs.
- Standardising equipment and systems to optimise benefits from economies of scale.
- Effectively managing relationships with suppliers to maximise value for MTN.

## Reducing costs

To reduce and contain cost, procurement adopted strategic sourcing principles coupled with the formulation of strategic partnerships with key vendors. Group frame agreements, including Group price books, supported by individual country contracts, are in place for these vendors. Regular industry price benchmarking takes place, and where required, independent agencies are used for this purpose. Electronic reverse auctions have been successfully piloted and are currently being implemented across the Group.

MTN Uganda and South Africa now source and use multiple-service providers, and set more stringent contract and SLA terms with contracting partners. MTN Cyprus shared handset promotion and marketing costs with retailers, thereby reducing costs for both parties.

## Standardisation

To achieve economies of scale, we standardised product, service and process specifications across multiple business areas and reduced the number of suppliers in these areas.

Procurement toolkits defining the centralised procurement function and tender committee structures were implemented in 80% of MTN's operations. Approval levels were also specified. Implementation was complemented by toolkit training, and other learning programmes. Key performance indicators (KPIs) have been set to measure the effectiveness of procurement functions, and a supplier performance management framework for key suppliers was developed. The next step is to implement the toolkit in smaller operations where skills requirements will be addressed.

## Improving processes

Prompt settlement of supplier invoices is a challenge many businesses face. To improve payment processing, the enterprise resource management system, Oracle, was re- implemented in MTN Congo-Brazzaville. The operation now captures invoices systematically, resulting in faster and more accurate payment processes.

MTN South Africa implemented the Oracle Contract Management module in 2009, to automate contract lifecycle management processes, realise the standardisation objective, and reduce contracting time. Contract compliance management ability has also improved.

The end-to-end "Procure to Pay" system is part of this, and is aimed at reducing budgetary overspend and internal non-compliance. Electronic registration processes have also been implemented, and manual sub-processes such as document matching have been eliminated.

Rules to improve the quality of services supplied and govern relationships were implemented in 2009. This enabled MTN Congo-Brazzaville to develop a more meaningful partnership with suppliers.

## Enterprise development

The development of small enterprises can be better sustained through the provision of mentorship, support and advice to developing businesses. MTN South Africa focused on developing a holistic approach to improving enterprise development in 2009. It developed and commenced training of business enterprises covering areas of entrepreneurship, sales and marketing, finance, project management and team leadership, ethics, presentations, human resource management, tendering, legal processes, and more. It also encouraged enterprise development in rural communities, supported enterprises that produce goods that were previously not available in South Africa, or initiatives that enhance job creation. MTN South Africa improved its enterprise development score to achieve 8,10 out of 15 points (up 1,63 points from 2008).

A broad-based black economic empowerment (B-BBEE) council, chaired by the general manager of procurement, was established to accelerate achievement of transformation objectives. MTN South Africa also helps accelerate the development, sustainability and ultimate financial and operational independence of young and upcoming entrepreneurs.

# *Our suppliers* continued

MTN Uganda partnered with Enterprise Uganda's Business Linkage Programme in a pilot initiative between 2005 and 2007. This partnership has seen MTN Uganda help enhance the productive capacity, efficiency, competitiveness and sustainability of the 12 local small to medium (SME) enterprises with which it has partnered via Enterprise Uganda. In 2009 MTN Uganda nominated more of its SME suppliers to improve their entrepreneurial skills and management approaches through this programme.

MTN Nigeria's Bizlift initiative engages more than 53 000 MTN retailers. It provides business ideas, increased access to finance, and sales support material, enabling suppliers to expand their businesses. It also implemented a project to train and develop enterprises among disabled and disadvantaged youth. Through the MTN Nigeria foundation, a vocational training centre has been renovated; welding machines, computers and accessories procured and monthly stipends and salaries for 45 students and staff are provided. The Rural Telephone Project, a universal access project leveraging micro-finance to provide access to ICTs, has seen the empowerment of 3 000 entrepreneurs across 30 states in Nigeria.

MTN Irancell's local development and qualification programme has seen 100% of recharge vouchers and SIM cards being locally sourced. This has resulted in cost savings for the operation, while contributing to direct and indirect job creation in Iran.

The Group transfers knowledge and skills to local management which helps in the reduction of expatriate staff. This is another means with which to enhance local development.

Suppliers are also keen to work with MTN to contribute to community development through MTN's *21 Days of Y'ello Care*. This staff volunteering programme provides a suitable platform in which to collaborate with suppliers. MTN Congo-Brazzaville invited suppliers to contribute in cash or kind during its 2009 staff volunteering campaign. MTN Yemen's suppliers provided programme materials, tools and equipment set-up in a timely manner, helping it achieve its objectives with respect to staff volunteering. Suppliers also worked alongside MTN staff in some volunteering events eg, in the historical places cleaning project.

# *Future sustainability commitments*



We must acknowledge that the commercial and sustainability maturity positions of our operations vary across our footprint, from the more mature markets of South Africa, Cyprus and Nigeria for instance, to emerging markets in Afghanistan and Sudan. While the Group's sustainability vision, ethos and fundamental requirements are applicable to all operations, we will customise, and phase roll out of initiatives to account for local operating dynamics.

Like many organisations, MTN's sustainability journey is ongoing. While sustainable business practices have been underway since the start of the company 15 years ago, in 2009 we systematically and strategically re-positioned it at the most senior levels of the Group to drive, co-ordinate and align it to core business. Many of our operations are relatively new, and this is therefore the best time to ensure developing business practices take environmental, social and sound governance issues into account in core business activity. The forward-looking sustainability commitments detailed in this report are informed by the objective to continue implementing and extending our sustainability imperative, and communicating this with our stakeholders.

We must acknowledge that the commercial and sustainability maturity positions of our operations vary across our footprint, from the more mature markets of South Africa, Cyprus and Nigeria for instance, to emerging markets in Afghanistan and Sudan. While the Group's sustainability vision, ethos and fundamental requirements are applicable to all operations, we will customise, and phase roll out of initiatives to account for local operating dynamics.

Although the MTN Group is based in South Africa, our business is truly multinational across the African continent and the Middle East. Operating conditions vary in countries, and the macro conditions often makes for a difficult trading environment. Nevertheless the Group is actively driving operations to integrate sustainability imperatives into their activities, from strategy and governance through to infrastructure and community engagement. While this may add further internal pressures, our operations acknowledge the importance of sustainability and have welcomed the imperative.

# *Future sustainability commitments* continued

| Reporting period/s | Commitment | Target |
|---|---|---|
| **Group sustainability** | | |
| 2010 | Develop and commence implementation of internal education and training plan | By Quarter 3, 2010 |
| 2010 | Complete identification of sustainability champions in remaining operations | By December 2010 |
| 2010 – medium term | Close gaps in current risk identification, reporting and management processes, and possible sustainability risks not identified/reported/managed | Commence by Quarter 3, 2010 |
| 2010 – medium term | Improve sustainability data collection, reporting, management and assurance systems | Commence by Quarter 3, 2010 |
| 2011 | Identify and report sustainability performance (objectives, material opportunities and risks and management data) at least twice a year internally | Commence by Quarter 3, 2011 |
| **Customer** | | |
| 2010 and medium term | Continue network infrastructure investment across MTN's footprint | — |
| 2010 and medium term | Continue rolling out Mobile Money | — |
| 2010 | Reduce cost of handset ownership through subsidy provision | — |
| 2010 | Focus on innovation, customer-centricity and loyalty to reduce customer churn and increase stickiness | — |
| 2010 | Increase use of e-billing in MTN Uganda | Additional 4% of customer base |

| Reporting period/s | Commitment | Target |
|---|---|---|
| **Customer** (continued) | | |
| 2010 and medium term | Improve MTN South Africa customer experience by integrating customer management and retail billing systems, and rolling out customer contract strategy at segment and channel level | — |
| 2010 | Increase operational efficiency, visibility into spend by customers, and provide single bill for multiple services | By December 2010 |
| **Regulatory** | | |
| 2010 | Review strategic relationship with possible new MVNO entrants (MTN Cyprus) | By December 2010 |
| Medium – long term | Finalise regulatory trends analysis framework, develop regional regulatory scenarios to inform strategic responses, develop a cohesive Group strategy, pre-empt risks and trends and manage the regulatory agenda, determine financial impact and strategic options posed by proposed regulation or changes in legislation | — |
| **Governance** | | |
| 2010 | Continue emphasising zero tolerance policy | — |
| 2010 | Complete King III Code of Good Conduct review and determine required compliance actions | Quarter 3, 2010 |

# *Future sustainability commitments* continued

| Reporting period/s | Commitment | Target |
|---|---|---|
| **People** | | |
| 2010 | Improve staff health and safety in MTN Cyprus: Train staff in areas of first-aid, fire safety, and basic health and safety. Provide basic safety equipment | — |
| 2010 | Complete integration processes: MTN in Cyprus: Ensure retail staff integration, complete work contracts, and complete new office premises | — |
| 2010 | Improve internal communication and staff issues management. Complete implementation of HR information system in MTN Yemen | — |
| 2010 | Continue investment in staff: Determine effectiveness of LTM programme in MTN Yemen and continue driving staff development and growth in MTN Uganda | — |
| 2010 | Improve staff engagement levels in MTN Cameroon | |
| **Environment** | | |
| 2010 | Carbon footprinting data, process and education improvement. Commence Phase 2 footprinting | • Implement process to ensure monthly reporting by Quarter 4, 2010, for Phase 1 operations<br>• Extend organisational scope to more operations |
| 2010 | Provide additional capacity building and support for carbon footprinting and associated environmental issues: New and refresher training for $CO_2$ footprinting champions | By Quarter 3, 2010 |

| Reporting period/s | Commitment | Target |
|---|---|---|
| **Environment** (continued) | | |
| 2010 – medium term | Review and determine actions to address e-waste | Commence by Quarter 4, 2010 |
| 2010 – medium term | Focus on energy-reduction initiatives | — |
| 2010 – medium term | Continue exploring opportunities to switch to lower-emission or alternative renewable power sources for BTS power | — |
| 2010 | Roll out EMF framework across operations | — |
| 2010 | Improve understanding of EMF in MTN Cyprus and Yemen communities | — |
| Medium – long term | Develop and implement a carbon/energy management strategy | — |
| 2010 | Launch MTN Rwanda foundation | February 2010 |
| 2010 | Include focus on malaria in *21 Days of Y'ello Care* | May 2010 |
| Medium – long term | • Determine appropriate qualitative and quantitative reporting methodologies and indicators to measure local, regional and national impact and success of foundation programme implementation<br>• Benchmark programme implementation and achievements across MTN foundations and international companies operating in similar emerging markets | — |

# *Future sustainability commitments* continued

| Reporting period/s | Commitment | Target |
|---|---|---|
| **Suppliers** | | |
| 2010 | Increase supplier participation in *21 Days of Y'ello Care*: MTN Congo-Brazzaville | May 2010 |
| 2010 | Reduce late payment complaints: Ensure all purchase orders and approvals are captured electronically (MTN Cameroon) | Meet 30-day payment terms where applicable eg, SMEs |
| 2010 | Improve procurement toolkit: Improve purchasing/procurement controls (MTN Yemen) | — |
| 2010 | • Help improve sustainability of MTN Uganda SME suppliers<br><br>• Roll out national training on enterprise development in South Africa | • 10 MTN Uganda SME suppliers<br>• Training in all nine South African provinces |
| 2010 | Improve procurement processes, working with suppliers as strategic partners (MTN South Africa) | Complete procurement process automation |
| 2010 | Develop multi-sourcing strategy | — |
| Medium term | • Improve procurement skills through skills gap identification, internal training and external certification of Chartered Institute of Purchasing and Supply (CIPS)<br>• Implement supplier relationship management, and eSourcing methodology and platform in operations | All procurement professionals to be CIPS-accredited by 2013 |
| Medium term | Reduce procurement costs: Group-wide implementation of electronic reverse auctions for large areas of spend; establish buying club with non-competing mobile network operators with similar subscriber and technology bases | — |
| Medium term | Achieve economies of scale: rationalise and standardise network equipment procurement | — |

# *About this report*

## Scope

Detailed reports were compiled by MTN Cyprus, Yemen, South Africa, Uganda, Cameroon and Congo-Brazzaville. Abridged reports were provided by MTN Benin, Zambia, Nigeria, Guinea Bissau, Swaziland, Uganda and Liberia. MTN Syria, Iran, Afghanistan, Sudan, Rwanda, Guinea Conakry and Côte d'Ivoire are not included in the reporting scope for 2009, except within the community section, and where Group positions and commitments are expressed. Due to MTN's indirect shareholding in Mascom Botswana, operations were not invited to report their sustainable business practices for 2009. MTN Business, which is focused on small to medium enterprises, corporate businesses and the public sector, is a relatively new sector of the Group operations, and have not been included in the scope of the 2009 report.

## Materiality

We determined the material risks and opportunities of priority to MTN based on ongoing stakeholder engagement, issues in the global operating environment, including environmental responsibilities of the information and communication technology industry, peer reviews, regulatory and legislative expectations, and our vision and strategy.

The sustainability standards, codes and protocols to which MTN subscribes are set out alongside.
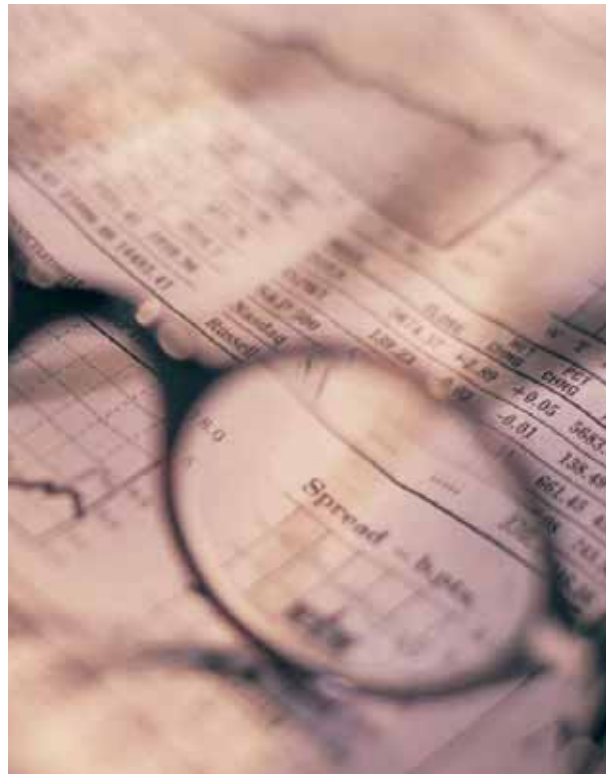
# *Stakeholder engagement*

MTN's stakeholders are those with common interests who may be affected by, or have a material impact on, our business objectives. The table below indicates MTN's stakeholder groups, the material issues on which we engage, and the channels of engagement. The issues are not listed in any order of priority.

## Stakeholder

### Customer

| Main issues of engagement | Communication channels |
| --- | --- |
| • Billing queries<br>• Service levels<br>• General: products and services<br>• Network issues<br>• Product quality<br>• Complementary sales support and product education<br>• Advisory<br>• Handset repair<br>• Corporate campaigns, promotions and special offers<br>• National day acknowledgements<br>• Sponsorship<br>• Ideas/suggestions/feedback | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>‡ Other |

### Employees

| Main issues of engagement | Communication channels |
| --- | --- |
| • Work contracts<br>• Employee services and relations<br>• Remuneration<br>• Productivity<br>• Policies and practices<br>• Training, learning and talent development<br>• Health, safety, wellness and security<br>• Strategy dissemination<br>• Operational performance updates<br>• Employee of the month project<br>• Internal satisfaction survey<br>• Y'ello magazine (internal magazine)<br>• Committees<br>• Family days<br>• Medical coverage<br>• Innovation<br>• Performance management<br>• Feedback | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>Briefings and press releases<br>Other |

‡ Above- and below-the-line communication

## Stakeholder

### Investors

| Main issues of engagement | Communication channels |
|---|---|
| • Financial performance | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>   Other |

### Suppliers

| Main issues of engagement | Communication channels |
|---|---|
| • Procurement and corporate business principles<br>• Service and support<br>• Surveys<br>• Requests for information/quotations/service, tenders and contracts<br>• Terms and prompt payment<br>• Ongoing supplier assessments<br>• Enterprise development<br>• Training |    Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>   Briefings and press releases<br>‡ Other |

### Agents and strategic partners

| Main issues of engagement | Communication channels |
|---|---|
| • Service level agreements and service queries<br>• Outsource activity management<br>• Advertisements (banners, papers, printings, and installation)<br>• Procurement process with high performance and services after sell with warranty<br>• Surveys<br>• Tenders | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>✓ Other |

‡Promotional items

# *Stakeholder engagement* continued

| Stakeholder |
| --- |

**Community (including non-governmental organisations, community based organisations, community leaders and civil society)**

| Main issues of engagement | Communication channels |
| --- | --- |
| • Rural coverage<br>• *21 Days of Y'ello Care*<br>• MTN foundation activities<br>• Community and enterprise development<br>• Business conferences<br>• Assistance, support and partnership with unions (journalist, women etc), research, study centres<br>• Sponsorships, donations, festivals<br>• Reporting<br>• Issue sensitisation eg, land use, mast and base station siting | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>  Other |

**Environment (including non-governmental organisations, community-based organisations, special interest groups, community leaders and civil society)**

| Main issues of engagement | Communication channels |
| --- | --- |
| • Environmental impact assessment<br>• Base station erection, permission for way-leaves, land issues<br>• Regulation and legislation<br>• Staff voluntary works<br>• Recycling<br>• EMF | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>✓ Other |

**Regulatory authorities**

| Main issues of engagement | Communication channels |
| --- | --- |
| • Licensing and permissions<br>• New/existing regulatory amendments<br>• Advice, inspection and compliance<br>• Tariffs<br>• Customer complaints<br>• Quality and service and coverage | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>✓ Other |

**Stakeholder**

**Government**

| **Main issues of engagement** | **Communication channels** |
|---|---|
| • Compliance and engagement on array of laws and regulation<br>• Engagement in community programmes<br>• Courtesy calls<br>• Industry issues<br>• Taxation<br>• National priorities<br>• Reducing digital access gaps<br>• Partnerships and collaboration | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>✓ Other |

**Industry associations**

| **Main issues of engagement** | **Communication channels** |
|---|---|
| • Partnerships with private companies<br>• Infrastructure or site sharing<br>• Co-ordination<br>• Lobbying<br>• Self-regulation<br>• New developments<br>• Best practices | ✓ Face to face<br>✓ Electronic<br>✓ Surveys, forums, road shows, summits or other forms of dialogue<br>✓ Briefings and press releases<br>✓ Other‡ |

‡As directed by regulation or legislation

# *What MTN offers*

MTN focuses on delivering quality telecommunication products and services to the consumer and business segments in emerging markets.

| Consumer | | | Business |
|---|---|---|---|
| **Voice** | **Data** | **Other** | |
| Prepaid and postpaid airtime, including Pay for Me, Please Call Me and Me2U (airtime balance transfers), long distance prepaid calling, One-rate and local recharge for international travellers | Internet access: GPRS, EDGE, 3G, HSDPA, Broadband ADSL/DSL, and wireless and roaming internet | MTN MobileMoney | Data solutions: comprehensive end-to-end network solutions and value-added services. This includes GPRS, Edge, 3G, HSDPA and HSUPA. Secure internet connectivity and mobile access to corporate networks (secure virtual private networks) include leased lines, firewalls and anti-spam security |
| Associated value-added voice services eg, caller line identity, call barring, balance enquiry, international roaming, conference calling voicemail and messaging service, transfer service, and data fax, etc. | Short message services (SMS) or text messages | MTN Mobile Banking | Satellite connectivity, and roaming services on close to 500 networks in 170 countries, without conversion to international SIM card or foreign currency billing |
| MTN Zone and MTN Virtual Number (innovative price plans based on time and location of call), and preferential rates for family and friends | Mobile email and SMS2email | MTN Play (mobile content portal), online shopping, movies, music downloads, and mobile TV | Infrastructure solutions: data centres and hosting solutions |
| Electronic voucher distribution (EVD), allowing vendors to sell airtime via their GSM cellphones | Multimedia messaging services (MMS) | E-billing | Customer relationship management and productivity solutions including Mobile Fleet, MTN BizText and managed services (Mobile Sales Force) |

| Consumer | | | Business |
|---|---|---|---|
| **Voice** | **Data** | **Other** | |
| Community payphones | Google SMS information services | Loyalty programme | Converged services: permanent seamless connectivity using any device, in any location |
| MTN Blackberry | USSD services: quick access of information or services such as airtime balance or callback | | Managed service solutions: combined mobile and fixed line elements for mobile sales forces |
| | | | Hosted messaging and collaboration |
| | | | Support services: video surveillance, redundant links, data communications on trains, video conferencing and online collaboration |
| | | | Sector specific solutions including for the mining industry, health and wellness, financial services, manufacturing and production, professional and business services, wholesale and retail, and transport and logistics |
| | | | Blackberry prepaid |

# *Glossary*

| Terms and acronyms | |
|---|---|
| 3G | 3G stands for "third generation". It allows data to be transmitted more quickly and in greater quantities over cellular networks, so mobile phones can send and receive data-hungry applications, such as live broadcasts, video clips and emails |
| B-BBEE | Broad-based black economic empowerment, a national initiative to improve economic access and participation by black people in South Africa |
| $CO_2$ | Carbon Dioxide |
| $CO_2e$ | Carbon Dioxide equivalent – see GHG |
| EDGE | Enhanced Data for GSM Evolution (EDGE) delivers 2G technology that delivers advanced mobile services such as downloading video and music clips, full multimedia messaging, high-speed colour internet access and email on the move. It is five times faster than conventional GPRS |
| EMF | Electromagnetic fields or radio signals or waves, or energy that travels through space |
| GHG | Greenhouse gas; unless indicated otherwise, GHG emissions are made up of $CO_2$, methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbon (HFC), perfluorocarbon (PFC) and sulphur hexafluoride $SF_6$. The United Nations has identified these six gases as the greatest contributors to global warming |
| GPRS | General packet radio service (GPRS) is a connectivity solution based on Internet Protocols that support a wide range of enterprise and consumer applications such as colour internet browsing, email on the move, video streaming and multimedia messages, and location-based services |
| HSDPA | High speed downlink packet access (HSDPA) is a technology for improving performance of the MTN 3G network. It is part of the evolutionary path of 3G |
| ICNIRP | International Commission on Non-Ionising Radiation Protection: www.icnirp.de |
| ICT | Information and communication technology |
| King III | King III Code of Corporate Governance for companies operating in South Africa |
| MTR | Mobile termination rates are the fees mobile phone companies charge other carriers to terminate calls on their networks. This adds to the cost of fixed-to-mobile and mobile-to-mobile calls |
| MVNO | Mobile virtual network operator |
| NPO | Non-profit organisation |
| NRA | National regulatory authority |
| OPCO | Operating company, an acronym used internally within MTN to identify subsidiaries and divisions within each country in which it operates |
| PIN | Personal identification number |
| SEA, WECA, MENA | South and East Africa, West and Central Africa, Middle East and North Africa. This categorisation is used to group and classify MTN operations geographically |
| UN IPCC | United Nations Intergovernmental Panel on Climate Change |

## *Contact details*

MTN has compiled this sustainability report in the spirit of complete disclosure and transparent communication to our stakeholders.

Inevitably there may be errors, omissions, or updates to this report since its publication. We welcome your comments and views in this respect.

Please write to us at **sustainability@mtn.co.za**

**Postal address**
Private bag X9955
Cresta
2118

**Physical address**
Phase 2 Building
Innovation Centre
216 14th Avenue
Fairlands
South Africa

**Telephone**
+27 11 912 3000

**Facsimile**
+27 11 912 4092

**Email**
sustainability@mtn.co.za

**Website**
www.mtn.com/sustainability

**Contact person**
Zakhiya Rehman
Group Sustainability Manager