www.mtngroup.com

MTN Group Limited

(formerly M-Cell Limited)

Sustainability Report 2003

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MTN GROUP VISION AND VALUES

VISION
"TO BE THE LEADING PROVIDER OF COMMUNICATION SERVICES IN AFRICA"

VALUES

To realise our vision, the Group subscribes to six values that form the foundation of our business principles and conduct which guide us in our interaction with stakeholders throughout the continent and abroad:

Innovation
Doing new things and doing the same things differently

Simplicity
Suppressing the irrelevant so that the relevant can shine through

Integrity
Doing what we said we would do and not what we said we were not going to do

Can-do
"Cannot" is not part of our vocabulary unless it is humanly impossible

Friendly
Treating others as we would like to be treated ourselves

Teamwork
Using our hearts and minds together, in order to release our full potential and creativity

About MTN's 2003 Sustainability Report

This report describes the economic, environmental and social performance of the MTN Group for the financial year ended 31 March 2003. It follows a 2002 position paper on sustainable development, and for the first time includes detailed quantitative data on the Group's sustainability performance. A summary of key quantitative data is presented in the performance tables commencing on page 82.

A key feature of this report is the process of dialogue entered into with different stakeholder groups across the range of the Group's activities and throughout all the regions in which we provide cellular telephony. In addition to responding to the issues identified by our stakeholders the report has also been guided by the criteria contained in the GRI Sustainability Reporting Guidelines and the King II Code of Practice on Corporate Governance. While the focus of this report is on our cellular operation, the Group has investments in the satellite signal distribution industry through Orbicom, as well as Internet services through MTN Network Solutions. Some aspects of these operations are included under MTN South Africa.

For the MTN Group's operations, values are in South African rand ("R"), the currency in which the majority of the Group's transactions are denominated. Details on the average exchange rates used for the reporting period are provided in the Business Report (available at www.mtngroup.com).

Comment and feedback

We strongly encourage you to give feedback on this report, as well as on the process adopted in developing it. For further information or to comment on the report, please send an e-mail to: sustainability@mtn.co.za

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Trading as MTN

On Monday 14 October 2002, the statutory name of the holding company changed from M-Cell Limited to MTN Group Limited. The motivation for changing the name include, amongst others, to leverage the strong MTN brand across Africa; create a uniform brand identity; and provide a platform to develop a more cohesive future strategy for the company.

We aim to be the leading provider of communication
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to the economic, social and environmental sustainability
of the communities in which we operate

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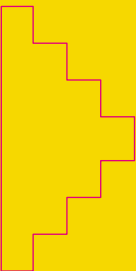Treating others as we would like to be treated ourselves

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MESSAGE FROM THE CHAIRMAN

CYRIL RAMAPHOSA
MTN Group Chairman

> *We believe in the African Renaissance and see telecommunications as a key element in the development of the African continent. By implementing the latest technology, Africa can leap-frog into the new age and take up its rightful place in the world. The MTN Group is a proudly African company.*

It is my pleasure to present the MTN Group's first comprehensive Sustainability Report.

Last year we published a position paper – *Embracing the Future: The MTN Journey to Sustainability* – in which we gave a broad overview of our activities and strategic priorities relating to sustainability. In this report, we present a more comprehensive review of our activities, providing quantitative and qualitative data on the Group's economic, social and environmental performance for the year ended 31 March 2003.

This report forms an important element of our commitment to sustainable development and accords with local and international expectations regarding corporate governance and reporting practices.

As a telecommunications company rooted in Africa, we have unique opportunities – as well as particular responsibilities – for

promoting sustainable development. The provision of information and communication technologies forms a critical component of the socio-economic development of the African continent and has been identified as one of the six sector priorities of the NEPAD initiative.

The MTN Group is strongly committed to NEPAD's vision of an African Renaissance and I believe that we are making an important contribution towards the achievement of this vision by providing accessible communication services. But our responsibilities extend beyond simply providing this service. If we are to be true to our commitment to Africa, then we need to invest in a manner that takes into account the expectations of our stakeholders and contributes appropriately to the social, economic and environmental sustainability of the communities we serve.

I hope that this report – which was developed through a process of stakeholder dialogue – will demonstrate that we are sincere in this commitment. While the report highlights some of our significant achievements, it also acknowledges some of our current shortcomings. I am confident that we will address these shortcomings in a focused manner and I look forward to reporting in future on how we have done so.

Your comments on this report, as well as on our sustainability performance more generally, are important to us. I encourage you to share your views on this report with us.

Cyril Ramaphosa
Chairman

MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER

PHUTHUMA NHLEKO
Group Chief Executive Officer
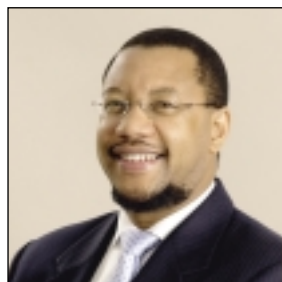
> *"In many respects sustainability reporting – and indeed sustainable development itself – may be seen as a journey rather than a destination. I believe that this report forms a critical step in this journey."*

The MTN Group's pleasing results were achieved against the backdrop of an uncertain and highly volatile global trading environment. Adjusted headline earnings per share increased by 97%, while revenue increased by 56%. During the financial year we made significant progress in diversifying our sources of income, with 38% of Group adjusted headline earnings being derived from our operations outside South Africa.

Notwithstanding this performance, it is important to acknowledge that a company's financial performance is only one aspect of its performance. During the year, we witnessed the publication of the second King Report on Corporate Governance, as well as the Global Reporting Initiative's 2002 Sustainability Reporting Guidelines. This was also the year in which the world's political leaders gathered here in Johannesburg at the World Summit on Sustainable Development (WSSD) and more recently, the world's business leaders gathered in Davos, Switzerland, under the theme of "Building Trust". Sustainable development is increasingly featured on boardroom agendas and the MTN Group is no exception.

It is within this context that the MTN Group is publishing its first comprehensive Sustainability Report. This report will make a critical input into the development of our Group strategy aimed at integrating sustainability throughout our operations.

In developing this report, we took the important step of asking our stakeholders – in each of the countries in which we provide cellular telephony – what they thought the Group's role should be in promoting sustainable development. We also asked them what they would like us to report on. The report has also drawn on the criteria contained in the Global Reporting Initiative's 2002 Guidelines, the King Code of Practice on Corporate Governance and the draft FTSE/JSE SRI Index.

The process of compiling this report has been an extremely valuable exercise for us. In a number of instances we were pleased to see that the issues raised are those where we are already making an active and positive contribution. We were heartened, for example, by the favourable feedback received from a number of stakeholders regarding the promotion of socio-economic development
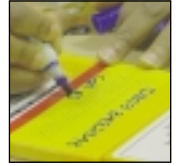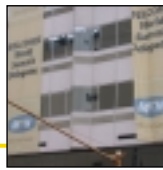
in the countries in which we operate. We outline some of these activities in this report, as well as review the important progress made in addressing issues such as employment equity, HIV/AIDS and economic empowerment.

In other areas, however, we have faced challenges and it is apparent that we have some significant work ahead of us if we are to excel in reporting to our stakeholders. These challenges include, most notably:

- More systematic monitoring of sustainability performance throughout the Group, preferably against a clearly defined set of objectives and targets;
- Clarifying the lines of responsibility up to Board level for environmental, health and safety performance;
- Working more closely with cell-phone manufacturers on product stewardship issues; and
- Continuing the process of stakeholder dialogue and ensuring that all issues raised in this process are adequately responded to.

We have set ourselves some specific targets aimed at addressing these and other issues. We will be reporting on progress against these targets in future reports.

Sustainability reporting – and indeed sustainable development itself – may be seen as a journey rather than a destination. I believe that this report forms a critical step in this journey. May I join our Chairman in urging you to send us your comments on this report and your thoughts on how we may improve our sustainability performance.

I look forward to hearing from you.

Phuthuma Nhleko
Group Chief Executive Officer

GLOSSARY OF TERMS AND ACRONYMS

Group companies

M-Cell: M-Cell Limited

MTN, MTN Group or **the Group**: MTN Group Limited – formerly known as M-Cell Limited

MTN Holdings: Mobile Telephone Networks Holdings (Proprietary) Limited

The following companies are jointly referred to as **MTN South Africa**

MTN Network Operator: Mobile Telephone Networks (Proprietary) Limited

MTN Service Provider: MTN Service Provider (Proprietary) Limited – formerly known as M-Tel (Proprietary) Limited

i-Talk: i-Talk (Proprietary) Limited

Leaf: Leaf Wireless (Proprietary) Limited

e-Bucks: New Bucks Holdings (Proprietary) Limited

The following companies are jointly referred to as **MTN International**

MTN International: MTN International (Proprietary) Limited – formerly Mobile Telephone Networks Africa (Proprietary) Limited

MTN Mauritius: MTN International (Mauritius) Limited – formerly Mobile Telephone Networks International Limited

MTN Nigeria: MTN Nigeria Communications Limited

MTN Cameroon: Mobile Telephone Networks Cameroon Limited

MTN Uganda: MTN Uganda Limited

MTN Rwanda: Rwandacell S.A.R.L

MTN Swaziland: Swazi MTN Limited

The following companies are jointly referred to as **Strategic Investments**

MTN Network Solutions: MTN Network Solutions (Proprietary) Limited – formerly known as Citec (Proprietary) Limited

Orbicom: Orbicom (Proprietary) Limited

AIDS: Acquired Immune Deficiency Syndrome
ARPU: Average revenue per user

BEE: Black Economic Empowerment
BSC: Base Station Controller
BTS: Base Transreceiver Station

Capable subscribers: subscribers who have been active within a three-month period
Capex: Capital expenditure

EBITDA: Earnings before interest, taxation, depreciation and amortisation
EE: Employment Equity
EMS: Environmental Management System
EIAs: Environmental Impact Assessments

GPRS: General Packet Radio Service
GRI™: The Global Reporting Initiative was established in 1997, with the mission of designing globally applicable guidelines for preparing enterprise-level sustainability reports.
GSM: Global System for Mobile Communication

HEPS: Headline earnings per share
HIV: Human Immunodeficiency Virus
HSCSD: High Speed Circuit Switched Data

ICASA: Independent Communications Authority of South Africa
ICT: Information Communication Technologies
ISO: International Organisation for Standardisation
IT: Information Technology

King II: King Committee Report on Corporate Governance 2002

MOU: Minutes of use

NEPAD: New Economic Partnership for Africa's Development
NGO: Non-governmental organisation.

PAT: Profit after tax
PDA: Personal Digital Assistant

RF: Radio-frequency
RIVR: Remote Interactive Voice Response

SMS: Short Message Service

Telkom: Telkom SA Limited
TWIST: Two-Way Instant Short Text

VAS: Value Added Services

WAP: Wireless Application Protocol
WSSD: World Summit on Sustainable Development, Johannesburg 2002

EXECUTIVE SUMMARY

SUSTAINABLE DEVELOPMENT AND STAKEHOLDER DIALOGUE

- We aim to be the leading provider of communication services in Africa and are committed to contribute to the economic, social and environmental sustainability of the communities in which we operate.

- An important part of our commitment to sustainable development is the process of entering into dialogue with our stakeholders. In producing this report we engaged with representatives of all our key stakeholder groups throughout all the regions in which we operate. A description of the issues raised during this process is provided at the end of each performance review section.

- Following this dialogue with stakeholders, we have identified the need to ensure a more systematic approach to sustainable development throughout the MTN Group, based on measuring and monitoring our performance against an agreed set of indicators.

CORPORATE GOVERNANCE

- We fully endorse the King Code of Practice on Corporate Governance (King II) and are committed to complying in all material respects with the sentiments and provisions contained in this Code.

- The MTN Group has a unitary board with a non-executive Director as Chairman. The roles of Chairman and CEO are separate with duties being segregated.

- A Risk Management and Corporate Governance Committee has been established to integrate risk management practices throughout the Group. While we are satisfied that an adequate risk management process is in place, we recognise that there are opportunities for further consolidating our monitoring and reporting practices relating to health, safety and environmental risks.

- A Group Audit Committee has been established to oversee compliance with corporate governance practices and specific disclosures in the annual financial statements. The committee is also responsible for the review of major audit recommendations and the approval of interim and annual results.

- During the reporting period, a Draft Code of Ethics was developed and submitted to the Board for approval. The Code is aimed at ensuring the highest standards of ethical behaviour throughout the Group.

- *(Full details on our corporate governance practices are provided in the Business Report).*

EXECUTIVE SUMMARY

(continued)

ECONOMIC PERFORMANCE

- Positive performance was achieved against almost all of the Group's set objectives, with significant increases in revenue (56%), EBITDA (71%), and adjusted headline earnings per share (97%).
- In line with our objective of diversifying income sources, we now derive 36% of revenue, 46% of EBITDA and 38% of adjusted headline earnings per share from our non-South African operations.
- Our activities continued to make a positive contribution to the local and regional economies in which we operate, through employment creation, the provision of telecommunications services, and the payment of taxes.

SOCIAL PERFORMANCE – THE WORKPLACE

- Regrettably during the year, there were four fatalities of MTN Group contractors, three in Nigeria and one in Cameroon.
- Significant progress was achieved in meeting the employment equity targets for MTN South Africa. As of 31 March 2003, 34% of MTN South Africa's management and 66% of the operational staff were equity employees. Similar progress has been made in our programme of "localisation" in each of our other operations.
- Ongoing awareness-raising and preventative measures were taken throughout the year aimed at ensuring the effective implementation of the Group's policy on HIV/AIDS.

SOCIAL PERFORMANCE – SOCIETY

- Recognising the socio-economic benefits of bridging the digital divide, we have continued to improve access to telecommunication services in the regions in which we operate. Installing community payphones in under-serviced areas is an important requirement of some of our licence agreements and in most cases we have exceeded these. A highlight during the year was the official opening of MTN Nigeria's new microwave radio transmission backbone.
- The procurement practices of MTN South Africa are guided by internal policy requirements aimed at promoting BEE. During the reporting period, our BEE expenditure was approximately R500 million. Throughout the Group there are conscious efforts to acquire goods and services from local suppliers, thereby stimulating local economic development.
- Clear guidelines, supported by thorough internal auditing procedures, have been laid down to combat and prohibit bribery and corruption throughout the Group. During the reporting period, 21 employees were dismissed for fraudulent and other improper activities.
- We continue to support awareness-raising activities aimed at promoting appropriate mobile phone etiquette and safe driving practices.

- During the reporting period the MTN Foundation invested a total of R15 million in social development initiatives relating to education, HIV/AIDS, science and technology, and arts and culture. An additional R7 million was dedicated to MTN's School Connectivity initiative.

ENVIRONMENTAL PERFORMANCE

- MTN South Africa was the first African telecommunications network to be awarded ISO 14001 certification. Detailed environmental procedures are in place regarding the design and installation of our base transceiver stations throughout the Group.

- The design, construction, location, monitoring and maintenance of all the Group's base station sites is undertaken in accordance with internationally approved guidelines aimed at preventing any potential health effects associated with exposure to radio-frequency emissions.

- During the reporting period, changes were made in an effort to improve performance. However, the new lines of responsibility for environmental and health and safety performance designation were not completely finalised. We are committed to addressing this issue, as well as to achieving ISO 14001 certification throughout the Group.

- During the reporting period, no prosecutions were brought against the Group for the contravention of any environmental laws, and no fines were paid.

- The new head office for the MTN Group was designed using the guidelines of the independently developed Sustainable Building Assessment Tool, with provision made for such issues as energy and water efficiency, indoor air quality, and waste minimisation.

FUTURE COMMITMENTS FOR SUSTAINABLE DEVELOPMENT AT THE MTN GROUP

Notwithstanding some of our achievements during the reporting period, we recognise that there is scope for ensuring more systematic and co-ordinated management of sustainable development issues within the MTN Group. As a result, we are committed to:

- Developing specific sustainability objectives and targets for the MTN Group
- Defining key performance indicators based on these objectives and targets
- Implementing internal monitoring and reporting processes against these indicators
- Ensuring clearly defined lines of responsibility up to Board level for sustainability performance issues
- Continuing to report publicly on our sustainability performance, with consideration for the views of stakeholders

MTN GROUP AT A GLANCE

MTN Group Limited (formerly M-Cell Limited) is an Africa-focused holding company that invests in the telecommunications industry, providing telecommunications infrastructure including mobile, fixed line, satellite and internet access services to 13 African countries. The MTN Group is listed on the JSE Securities Exchange South Africa (JSE). As at the end of the financial year, 31 March 2003, the Group employed 4 275 permanent staff, generated revenue of R19,4 billion and had 6,7 million subscribers across six African countries.

The Group operates three business divisions:

MTN South Africa, which houses South Africa's second-largest cellular network operator with a subscriber base of about 4,7 million people, and MTN Service Provider.

MTN International, which offers telecommunications infrastructure for both

KEY MILESTONES

1993
- MTN South Africa awarded National GSM 900 licence

1994
- M-Cell incorporated in South Africa
- MTN South Africa commercial launch

1995
- M-Cell converted to a public company with investments that include a 25% shareholding in MTN Holdings and a 60% shareholding in M-Tel, a cellular service provider
- MTN Holdings acquires service provider M-Tel

1996
- MTN South Africa launches pre-paid platform

1997 – 1998
- MTN expands into Africa, acquiring licences in Uganda, Rwanda and Swaziland
- MTN South Africa awarded ISO 9001 accreditation for network

1999
- M-Cell acquires 100% of Orbicom for the issue of new shares
- MTN awarded ISO 14001 accreditation for environmental management
- M-Cell acquires up to 72% in MTN Holdings

mobile and fixed line network access and associated services through its subsidiaries and joint ventures in Nigeria, Cameroon, Uganda, Rwanda and Swaziland.

Strategic Investments, which consolidates the development of the Group's investments in non-mobile businesses. The division operates through three key businesses:

- *Orbicom*, Africa's largest commercial satellite signal distributor;
- *MTN Network Solutions,* a tier-one Internet service provider to the corporate market; and
- *Airborn,* a division of MTN South Africa, is involved in the development of innovative applications in the field of convergence between mobile and Internet technologies.

2000
- MTN acquires a National GSM 900 licence in Cameroon
- Launch of MTN ICE, MTN South Africa's innovative mobile portal for information, commerce and entertainment
- M-Cell acquires the remaining shareholding in MTN Holdings including 23% from Transtel for the issue of new shares and now holds 100% interest in MTN Holdings

2001
- MTN acquires National GSM 900 and GSM 1800 licences in Nigeria at a cost of US$285 million and launches operations in August 2001
- M-Cell acquires CiTEC, a tier-one Internet service provider (renamed MTN Network Solutions in May 2002)
- Launch of the Group's social investment vehicle, the MTN Foundation, which strives to improve the quality of life in the communities where we operate
- MTN Uganda completes first fibre optic ring on the African continent

2002
- Ministry of Public Enterprises announces the sale of Transnet's 20% stake in M-Cell to Ice Finance BV, an unlisted passive investment company incorporated in the Netherlands
- M-Cell is renamed MTN Group Limited to reinforce African presence and awareness of the brand
- MTN Nigeria commences construction of Y'helloBahn
- MTN provides logistical and financial support to the World Summit on Sustainable Development
- MTN Management acquire an 18,7% interest in MTN Group through the acquisition of the interest held by ICE Finance/Transnet. The shares are held in trust by Newshelf 664.

2003
- Johnnic unbundles 31,9% stake in MTN Group

MTN GROUP STRUCTURE

36,1%	18,7%	45,2%
JOHNNIC#	NEWSHELF 664	OTHER SHAREHOLDERS

MTN

MTN GROUP
LIMITED

100%*
MTN HOLDINGS

MTN SOUTH AFRICA

MTN INTERNATIONAL

STRATEGIC INVESTMENTS

100%*
MTN NETWORK OPERATOR

36%△
LEAF

100%*
MTN SERVICE PROVIDER

30%△
e-BUCKS

41%△
i-TALK

100%*
MTN INTERNATIONAL

30%+
MTN SWAZILAND

100%*
MTN MAURITIUS

79,5%*
MTN NIGERIA

70%*
MTN CAMEROON

31%+
MTN RWANDA

52%*
MTN UGANDA

100%*
ORBICOM

60%*
MTN NETWORK SOLUTIONS

AIRBORN
(A DIVISION OF MTN NETWORK OPERATOR)

* Subsidiary
△ Associate
+ Joint Venture

Subsequent to year-end, Johnnic Holdings Limited unbundled a 31,9% interest in MTN Group to its shareholders. As a result, the key reference shareholders for the MTN Group are Newshelf 664 with an 18,7% interest and the National Empowerment Consortium with an estimated 8,8% interest in MTN Group. The remaining 72,5% of shares are free-float and held by local and international institutional and retail shareholders.
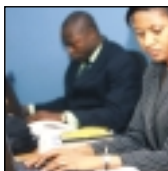
MTN FOOTPRINT

As at 31 March 2003

Egypt

Ghana

Nigeria

Cameroon

Uganda

Kenya

Rwanda

Tanzania

Zambia

Malawi

Mozambique

Swaziland

South Africa

● GROUP SATELLITE
FOOTPRINT

● GROUP GSM FOOTPRINT

● GROUP SATELLITE AND
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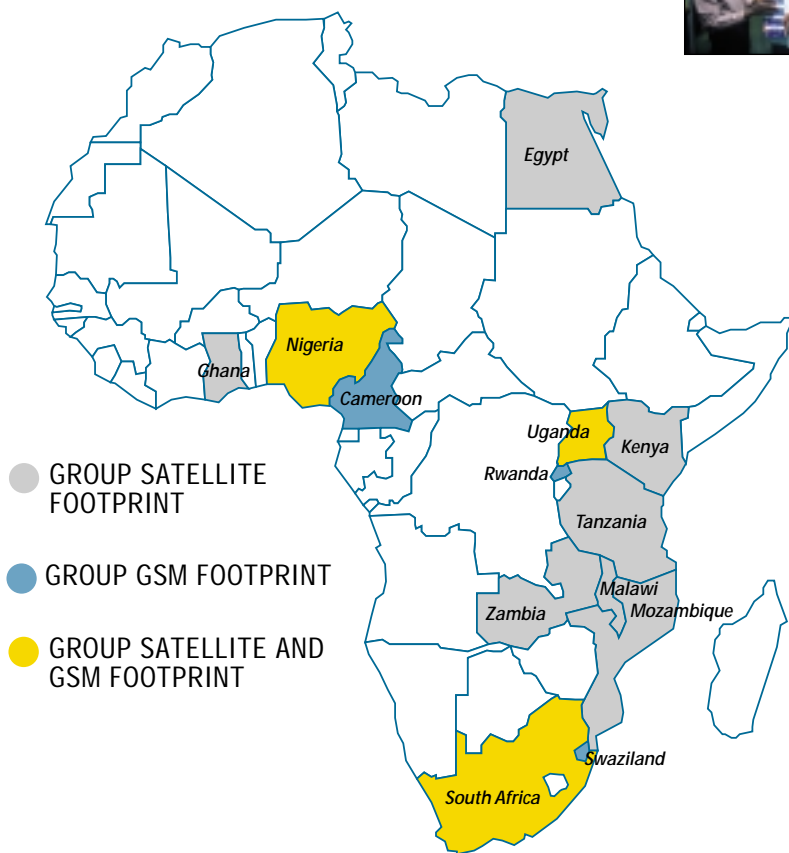
UNDERSTANDING SUSTAINABLE DEVELOPMENT

> *"Our vision is to be the leading provider of communication services in Africa. We will increase the value of the MTN Group by delivering robust profitability and by leveraging our competitive edge to meet the economic, environmental and social requirements that will ensure the sustainability of our business and of the communities we serve."*
>
> *CYRIL RAMAPHOSA – Chairman of MTN Group*

The Group places sustainable development at the core of company practice for sound social and business reasons. Effective and proactive management of sustainable development issues reduces the potential for future liabilities, helps enhance the Group's reputation in the market place and opens up exciting new business opportunities.

COMMITTED TO CORPORATE CITIZENSHIP

The Group's commitment towards achieving excellence in its operations, as well as in corporate citizenship practices, presents many challenges. Each of its businesses face different economic, social and regulatory requirements that require tailored responses. Recognising these varying challenges, the Group is continuing to:

- play an important role in the telecommunications revolution that has positioned South Africa as a technology leader on the African continent;
- invest in Africa, developing new growth engines to fuel the next phase of Group development and diversifying its revenue sources;
- concentrate on increasing customer loyalty and attracting customers through the provision of innovative services;
- support the African Union's vision of continental renewal through the NEPAD initiative;
- promote corporate practices that adhere to the highest standards of corporate governance and are environmentally and socially responsible; and
- conduct dialogue with its stakeholders.

UNDERSTANDING SUSTAINABLE DEVELOPMENT FOR MTN

There are many definitions of sustainable development. Perhaps the most broadly accepted of these comes from the 1987 Brundtland Report: "Development that meets the needs of the present, without compromising the ability of future generations to meet their own needs." To make the concept more practical, we have found it useful to visualise it in terms of five capital stocks – human, social, natural, manufactured and financial capital (see the box below). If we are to provide future generations with the same capacity and opportunities that we have at present, we should strive to implement business practices that do not deplete these stocks. In other words, we should be seeking to live off income, rather than capital.

Sustainable development is about promoting ethical responsibility and sound corporate governance practices in all of our dealings. It is about providing a safe working environment, in which the health of employees is protected and their opportunities for self-development are enhanced. It is about promoting cultural diversity and equity in the workplace. It is about proactively minimising adverse environmental impacts throughout the life cycle of the Group's products, services and activities. And it is about providing opportunities for social and economic development within the communities in which it operates.

Most of all, it is about being responsive to the expectations of stakeholders, listening and learning, sharing ideas with each other, so that together we may more effectively address the various challenges that the concept of sustainable development presents. This report is an important element in that process.

As a relatively young company that has experienced fairly rapid growth, the Group has some way to go in developing a truly sustainable business model. The Group is at a stage in its life cycle where a number of policies, procedures and systems – which have their roots in the South African business – need to be implemented systematically in other operations. The compilation of this report has highlighted some important areas for improvement and has brought to light some inspiring examples of sustainable business practices within the Group.

The various lessons learnt in undertaking this reporting process will help us to develop a structured sustainability strategy for the Group.

PROFITABILITY AND SUSTAINABILITY DEVELOPMENT

MTN's overarching commitment to sustainable development is embedded in the Group's goals to achieve profitability and sustained growth. It is in our attainment of profitability that the Group can indeed establish the required mutually beneficial relationships with all stakeholders and the communities within which we operate. In doing so, we can participate in their sustainable development and they in ours.

The Group believes that sustainable development is achieved through competition and open markets, which encourage efficiency and innovation – both key factors in sustainable economic growth.

SUSTAINABLE DEVELOPMENT – THE FIVE CAPITALS MODEL

At its heart, sustainable development is about leaving future generations with at least the same capacity and options that we have at present. For this to be achieved requires us to maintain – and where possible to increase – the various stocks of capital assets that contribute to our activities. Our aim should thus be to identify and implement business practices in which we live off the income, rather than depleting the capital stocks.

It is possible to identify five types of capital assets that contribute to our quality of life:

Human capital – the health, knowledge, and general well-being of people.

Social capital – the institutions and social relationships that contribute to building trust and developing human capital.

Natural capital – the ongoing ability of the natural environment to generate the required resources and to assimilate any wastes associated with our activities.

Manufactured capital – the material goods and fixed assets used in the provision of our goods and services, such as buildings, tools and technical equipment.

Financial capital – the mechanism through which we are able to own and trade the other forms of capital.

(Further details on this approach to understanding sustainable development are provided by organisations such as the UK's *Forum for the Future* – *www.forumforthefuture.org.uk*)

MTN and Sustainable Development

* Financial capital
- Good governance practices
- Financial growth
- Providing returns for shareholders

* Manufactured capital
- Developing telecommunications infrastructure
- Leading technology innovation
- Implementing product stewardship practices
- Assisting others to develop manufactured capital (e.g. stimulating SMMEs)

* Human capital

Employees
- Providing equitable working environment
- Providing safe working environment
- Protecting employees' rights
- Empowering employees
- Investing in training and career development

Customers
- Managing electromagnetic interference
- Establishing phone protocol/etiquette
- Addressing driving safety through handsfree kits
- Meeting customer/service expectations through services such as legal/tax assist, computicket, wake-up call
- Providing cell-phone benefits: health and safety, medical rescue, sea coverage, entertainment
- Addressing concerns relating to exposure to radio frequency (RF)
- Improving customer service
- Provision of social initiatives (e.g. on HIV/AIDS) through corporate social investment programme
- Training and education opportunities for broader community

* Social capital
- Crossing the digital divide
- Providing employment (indirect and direct)
- Supporting suppliers and contractors
- Promoting BEE
- Promoting stakeholder dialogue
- Ensuring appropriate tariff structure
- Security/safety and crime
- Managing fraud/corruption
- Privacy versus security
- Impact on rural-urban migration
- Contributing to institution building through the Group's corporate social investment programmes
- Payment of taxes to governments

* Natural capital
- Managing impacts of cell masts and base stations
- Minimising waste associated with process process and product
- Having an impact throughout the supply chain and product life cycle (e.g. raw materials)
- Reducing air emissions (e.g. from fleet and base station site air-conditioning operations)
- Energy and water use

Through the provision of communication services, MTN has transformed the lives of millions of people in Africa. Our services have created economic and social empowerment, and opened up access to the global village, creating new opportunities on a continent that would benefit greatly from bridging the digital divide.
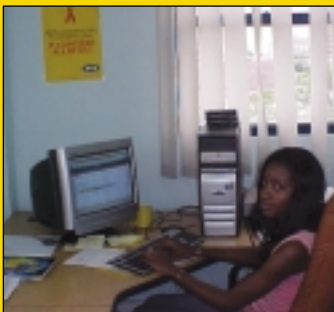
UNDERSTANDING SUSTAINABLE DEVELOPMENT

THE ROAD AHEAD

Information communication technologies are perpetually evolving. The accelerating convergence between telecommunications, broadcasting, multimedia and information and communication technologies (ICTs) has become the driving force behind new products and services, and new ways of conducting business, government and social interaction. With specific regard to mobile operations, we have witnessed the convergence of classical voice and data communication. The growth in capacity of telecommunication networks is allowing a shift towards multi media applications.

At the MTN Group, we believe that there is a dynamic future for the cellular industry informed by the convergence of communication infrastructure, as well as that of user devices, which is opening up a myriad of exciting opportunities in the mobile technology arena. We have a strong commitment to helping customers seize the potential of information and communication technologies.

The company will continue to engage with governments, regulators and business partners to find optimal regulatory frameworks, business models and technology solutions to the evolving social and economic challenges of the international economy.

INNOVATION AND SUSTAINABILITY

Defining and building a sustainable and long-term culture of innovation is a critical component in the sustainability of our business.

Innovation forms a critical component of MTN's overall corporate culture. The development and commercial application of innovative new technologies is the specific charge of Airborn, one of MTN South Africa's business divisions. Airborn provides MTN with an environment that fosters entrepreneurial activities and also connects them to the Group's resources, knowledge and strategic objectives, thereby ensuring that innovation is closely aligned to the Group's broad strategies.

In recent years, Airborn has innovated a range of solutions that will afford the MTN Group, service providers and other industry participants the ability to generate non-traditional revenue. These include for example:

- The ground-breaking Remote Interactive Voice Response (RIVR) platform, a proprietary software that bridges GSM and the Internet, allowing cellphone users to access personalised lifestyle and business productivity content on the move in the quickest and most cost-effective means;

- Aladdin, proprietary software that allows the verification and authentication of users to ensure the security of Internet transactions. The software offers secure access to confidential Internet sites without having to remember and key in usernames and passwords, or load web certificates onto a PC; and

- SMSPOP – a downloadable Windows application that runs off the PC desktop and allows two-way messaging from PC to mobile to PC. This allows for instant two-way communication.

MEETING CUSTOMER DEMANDS – SMSPOP

Capitalising on the phenomenal success that was mtnsms.com and with a view to commercialising its 7,5 million subscribers, Airborn has developed smspop. This is a PC-based SMS application that enables you to send and receive SMS messages on your PC or your mobile handset, anywhere in the world. The unique and intelligent "follow me" function means that messages will be routed to either your PC or mobile handset depending on which is closest to you. Smspop. combines the portability and convenience of the mobile phone with the "big screen" benefits of the PC, creating and leveraging off the growing relationship between PC and mobile handset. Smspop. sports a modern, ergonomic design tailored to make use quick and easy.

The application is a tiny 100 kb, with the result that smspop can be downloaded on even the slowest internet connection.

STAKEHOLDER ENGAGEMENT

IDENTIFYING THE INTERESTS OF OUR STAKEHOLDERS

CORPORATE GOVERNANCE AND RISK MANAGEMENT

AN OPEN FRAMEWORK WITH HARD WOOD KEYS,

THE BALAFON PLAYS A CENTRAL ROLE AT CELEBRATIONS,

IT IS SAID TO SPEAK BEFORE IT SINGS

STAKEHOLDER ENGAGEMENT

IDENTIFYING THE INTERESTS OF OUR STAKEHOLDERS

At MTN we do not subscribe to the narrow view that the core business of a company extends only as far as its shareholders, suppliers and customers. Instead we have adopted a broader approach that attempts to integrate the interests of all our stakeholders in the way we conduct business. We are committed to building sustainable and productive relationships with all our stakeholders in the strong belief that we all benefit by doing so. As is described throughout this report, there are many different ways in which we identify and respond to the interests of our different stakeholders in our core business.

RESPONDING TO STAKEHOLDERS

A critical feature of producing this sustainable development report was the dialogue that we entered into with representatives from key stakeholder groups throughout all the regions in which our networks operate. During this dialogue we asked individual stakeholders to identify those sustainability issues associated with the Group's activities that are of greatest interest to them and that they would like us to report on.

A list of the issues raised by stakeholders is provided at the end of each performance review section.

We believe that this initiative was critical in adding value to the reporting process. We are of the firm opinion that a report such as this should not be seen as an end in itself, but rather should form part of an ongoing process of discussion and engagement. It is our view that by listening and responding to the various interests of our stakeholders, the relevance and effectiveness of a sustainability report is greatly enhanced.

The dialogues that were entered into in preparing this report form part of a series of ongoing interactions that we undertake with our different stakeholder groups on a regular basis. We envisage that in future we may follow a systematic approach to stakeholder engagement based on internationally accepted principles relating to social and ethical accounting.

" It is important that South African companies be accountable not only to shareholders and regulatory authorities, but broadly and directly to the public – the people whom they are licensed to serve. The MTN Group's compilation of a report that goes beyond addressing licence conditions and financial results which, in fact, details the *impact* that they believe that they have had on society is thus commendable. In this context, the *MTN Group's Sustainable Development Report 2003* provides what appears to be a comprehensive overview of how MTN views its performance. This further demonstrates that the MTN Group has in the past decade endeavoured to address many of the key objectives, i.e. empowerment, innovation, and universal access, enshrined in the Telecommunications Act and MTN's Mobile Cellular Telecommunications Service Licence.

The MTN Group demonstrates a commitment to promoting socio-economic development in South Africa and throughout the continent. The issues raised in the report are very instructive and should encourage the MTN Group to continue to grow from strength to strength. *"*

An independent view on the report by
MANDLA LANGA – Chairperson of the Independent Communications Authority of South Africa

CORPORATE REPUTATION AUDIT

If the Group is to respond effectively to its stakeholders, it is important to know exactly what they think of the MTN Group's activities.

During the reporting period, we commissioned a comprehensive Reputation Audit throughout the MTN Group. The aim of this audit was to identify how our stakeholders perceive the Group as compared with local and international companies, including telecommunications operators. The stakeholder groups included government and regulatory bodies, investors, fund managers and analysts, NGOs, the media, other companies, customers and employees. During July and August 2002, almost 2 000 interviews were conducted with individuals from each of these groups in South Africa, Cameroon, Uganda, Rwanda, Nigeria and Swaziland.

A key focus of the exercise was to identify and assess those areas of interaction that influence MTN's reputation, examining such issues as industry leadership, product/service quality, employee relationships, management quality, social performance, and community involvement activities.

"MTN occupies a special space in the South African social, political and economic landscape and indeed in the economies of the five other African countries and communities where it operates its business.

As Africans, we are very proud of one of our own taking its place amongst the world's best. We would like to applaud MTN's Board of Directors for their wisdom, vision and commitment to sustainable development, transparent and accountable governance, and its management for their courage, diligence and acceptance of a responsibility to seek lasting African solutions to Africa's development challenges – poverty, digital divide and HIV/AIDS amongst many others – and continually striving to find a balance between competing, sometimes even conflicting stakeholder interests. There is no place for complacency; there is still a long way ahead. It's not yet Uhuru. "

An independent view on the report by
MOKHETHI MOSHOESHOE – Director, African Institute of Corporate Citizenship and convenor, UN Global Compact, South Africa

"I have read with keen interest your Draft Sustainable Development Report.

It is rich in content and concise in its design and presentation. Moreover, its social component and focus on the human being are highly commendable.

I particularly encourage you in the implementation of AIDS control activities in favour of MTN staff and their families. "

An independent view on the report by
DR LÉOPOLD ZEKENG – Permanent Secretary, National AIDS Control Committee of Cameroon

Who we talked to

	EMPLOYEES	SHAREHOLDERS	GOVERNMENT
Our stakeholders	These include all those who work for us on a full-time or part-time basis. At the end of the reporting period, the MTN Group had 4 275 permanent employees.	These include our strategic as well as institutional share-holders based in South Africa and internationally. In addition to these principal shareholders, there are distinct locally-based shareholders in each of the operations of MTN International where we do not own 100% of the operations and/or where we have entered into joint ventures.	These include the executive, legislative and public administrative agencies with whom we have dealings in each of the countries in which we operate.
Our interactions	Recognising that our employees are key to the success and growth of the Group, we have embarked on an Employer of Choice programme, branding our products and services in the talent market. An important element of such a goal is to be proactive in identifying and responding to employee concerns.	Our commitment to providing acceptable returns on shareholders' investments is matched by our commitment to communicating with our shareholders through regular interaction and presentations and an up-to-date website. The Group engages with institutional shareholders and encourages the involvement of private investors in its annual general meetings, which provide opportunities for a greater appreciation of both operational and shareholder matters pertinent to the Group.	Telecommunications is a regulated industry, with government intervening to address a range of important sector-specific issues (see page 47). We engage actively with governments on the debate around policy and legislative issues that affect us in all the countries in which we operate. While we will continue to motivate for fair treatment in the business interest, we respect the laws of countries in which we operate. We will not in any way compromise the national interest of countries where we do business. We also actively participate in industry forums that promote improved environmental management issues, including the health and safety management issues relating to electromagnetic fields transmitted both from mobile terminals and base station sites.

REGULATORS	BUSINESS PARTNERS	CUSTOMERS	COMMUNITIES, INTEREST GROUPS AND THE MEDIA
This refers to the independent public regulatory agencies that are responsible for administering our licence conditions in the various countries of operation.	These include all of our suppliers and contractors, the business sectorial associations with whom we work, as well as the various competitors in each country.	We have over six million individuals and organisations who rely on our services throughout Africa, and internationally through our roaming facilities.	The communities in which we operate and the relevant public interest groups and media bodies that maintain an interest in our operations and activities.
In each of the countries in which we operate the terms of our licence conditions are administered by independent public regulators, many of whom have only recently been established. We actively strive to maintain a good relationship with these regulators, and to work in partnership with them. We are committed to fulfilling the terms of our licence obligations. We respect the fact that the frequency spectrum is a limited natural and national resource, and we appreciate that the management thereof should be subject to public scrutiny.	The Group strives to build trust and synergy in the relationships that we have with our business partners, suppliers and contractors in the different regions in which we operate. We are active participants in a number of different business forums, and strive as far as possible to forge local supply chain partnerships in each of our countries of operation. We have an active programme aimed at promoting black economic empowerment, and in a number of instances have worked closely with our suppliers to assist them in implementing empowerment practices. We regularly interact with our contractors, ensuring for example that, where necessary, health, safety and environmental standards are included as a condition of contract and that these are followed through. Specific examples of some of these activities are provided within the report.	In line with global best practice, MTN is increasingly focused on providing improved customer service and developing customer-driven communications solutions. We have formal structures in place for responding effectively to customer complaints, with procedures and processes relating to complaints management and root cause analysis. We employ customer service agents throughout the Group. In South Africa we have customer-care facilities available 24 hours a day, 7 days a week, to deal with customer concerns. During the reporting period we implemented a number of measures aimed at further enhancing our customer service operations.	The communities in which we operate are made up of a diverse range of individuals, non-governmental organisations and communities and special interest groups, each of which may have their own particular issues of interest regarding the nature of our activities. There are many ways in which we may interact with these different groups during the course of our business activities. We may, for example, be responding to individuals who have concerns relating to the siting of base stations, or we may be providing financial and/or technical support to a specific community group through our Corporate Social Investment Programme. We could be providing educational and health support to the families of our employees, or stimulating economic growth in a community through the provision of telecommunications services. Further examples of the nature of these various interactions, and our approach to managing these interactions, are provided throughout the report.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

IMPLEMENTING CORPORATE GOVERNANCE PRACTICES

The MTN Group fully endorses the King Code of Practice on Corporate Governance (King II), and affirms its commitment to comply in all material respects with the principles contained in that code. This commitment is reflected in the Group practices relating to transparent reporting on financial and sustainability performance and in management structures and procedures.

BOARD OF DIRECTORS

MTN Group has a unitary board with a non-executive director as Chairman. The Board of Directors, which meets at least quarterly, comprises five executive and six non-executive directors who have collective responsibility for determining major policies and strategies.

The executive directors have primary responsibility for creating and maintaining Group policy on operational and financial issues. The decision-making powers of the non-executive directors carry equal weight in the Board's decisions to those of the executive directors. The non-executives remain independent of management and are free to exercise independent judgement. The roles of Chairman and Chief Executive Officer are distinct, with each having segregated roles and duties.

An induction process has been established for all new directors to provide them with guidance on their duties, responsibilities and liability. This includes building an understanding of the implications of King II and making specific provision for broad sustainability issues. The Board is confident that its members have the requisite knowledge, talent and experience to perform their required functions.

BOARD COMMITTEES

Specific responsibilities for key issues have been delegated to the following Board Committees, each of which has its own defined terms of reference:

- The Executive Committee – responsible to the Board for recommending the Group's financial and operational strategy, monitoring the implementation of this strategy through a review of the monthly financial and operational results and benchmarking the financial status of the Group.
- Group Audit Committee – responsible for safeguarding the Group's assets, overseeing the financial reporting process and ensuring compliance with accounting policies, legal requirements and internal standards.
- Risk Management and Corporate Governance Committee – responsible for assisting the Board

One of the major problems facing decision-makers in Africa is the lack of basic data, analysis and research on which to base decisions. This is particularly so for public policy makers in the telecommunications sector. The surfeit of information and operational insights contained in the MTN Sustainable Development Report is a welcome contribution to filling this information and understanding gap. To ensure that the SDR is more than a slick, if socially responsible public relations campaign, it would be good to see some of the proposals for improvement turned into targets against which MTN, and indeed other operators, could benchmark themselves in 2004 and the future.

An independent view on the report by
ALISON GILLWALD – Research Director, Wits LINK Centre

in addressing its responsibilities with regard to risk management, reviewing the Group's quality of corporate governance and identifying, assessing, managing and monitoring the risks to which the business is exposed.

- Nominations, Remuneration and Human Resources Committee – responsible for reviewing the composition of the Board, conducting an annual assessment of its performance and setting the criteria for the nomination of directors and committee members of the Board.

RISK MANAGEMENT

The Group recognises that effective risk management is essential to generating sustainable shareholder value and to enhancing stakeholder interests. The Group is thus committed to identifying, evaluating, managing and monitoring all material forms of risk exposure across its operations, with the aim of maximising long-term shareholder value, protecting employees, stakeholders and Group assets, minimising impacts on the natural environment and enhancing the Group's reputation.

While the Board is satisfied that an adequate ongoing risk management process is currently in place, it is committed to a continuous process of reviewing and enhancing risk and control procedures. It acknowledges in particular, that there are opportunities to further consolidate internal monitoring and reporting practices relating to health, safety and environmental risk management. This is an area that the Group is committed to addressing during the next reporting period.

A more detailed account of the Group's corporate governance philosophy, the composition of the Board of Directors, the Board structures and the risk management activities, is available in the Corporate Governance and Risk Management Report contained in the accompanying Business Report. This can also be accessed electronically at www.mtngroup.com.

MTN GROUP DRAFT CODE OF ETHICS

The MTN Group is committed to promoting the observance of the highest standards of ethical behaviour amongst its directors, management and employees. To this end, during the reporting period a detailed Code of Ethics was drafted for consideration by the Board. Once approved, this will provide a clear guide to the conduct expected of all MTN Group representatives.

> *" The Group's philosophy is to conduct its affairs with uncompromising honesty, integrity, diligence and professionalism, and to be recognised for these qualities by all its stakeholders. "*
>
> *MTN Group Draft Code of Ethics[1]*

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[1]*A Code of Ethics was drafted and submitted to the Board for approval at the time of publication.*

MTN'S FRAUD PREVENTION POLICY

MTN operates a Fraud Prevention Policy that is binding on management at all levels, employees, contractors, business partners and suppliers. In terms of this policy, the Group undertakes, inter alia, to investigate all reported or suspected fraudulent activity without regard for the level of seniority of the alleged offender. It is expected of every staff member to report all incidents of irregularities or fraud that comes to his or her attention. Failure to do so will result in disciplinary action.

MTN South Africa, for instance, operates a fraud line through MSGN Forensics "Crimeline" service. The service provider handles the calls in the first instance and the relevant details are then sent to the MTN Forensics Department or Mobile Fraud Unit. For the year ended 31 March 2003, approximately 420 calls were handled by the hot line. Over 90% of the calls related to requests from subscribers to assist with the recovery of or investigations into lost or stolen handsets. The other 10% related to matters of a criminal nature and to corruption. The matters reported are immediately addressed by the Forensics Department who pass them on to the relevant management or conduct the investigations themselves as circumstances dictate.

" The most impressive and commendable aspect is the manner in which social concerns are central to MTN's core business. This mainstreaming of social concerns is what some analysts have taken to describe as the third way. One of the defining precepts of the third way is that although we live in a market economy, we do not live in a market society. While the former is governed by the logic of profit accumulatoin, the latter is government by social concerns that have to do with major challenges such as HIV/AIDS, environmental degradation, and black economic empowerment. Sustainable development in the corporate environment is inextricably linked to sustainable development in the social environment. *"*

An independent view on the report by
XOLELA MANGCU – Executive Director of the Steve Biko Foundation

MANAGEMENT ACQUIRES STAKE IN MTN GROUP

In December 2002, management led a buy-in, of a 18,7% interest in MTN Group from Transnet Limited/ICE Finance BV, in a deal valued at R4,3 billion. The shares are held in trust by Newshelf 664, a company established to represent the interests of MTN management and staff. The deal was funded by way of preference shares and bank debt, with no company assistance being extended. In all, 65% of the benefits will end up in the hands of black empowerment managers and employees. The share trust is governed by a majority of independent trustees. Newshelf 664 operates in a similar way to a traditional share option scheme, with the shares vesting with the trust over a period of six years, or until Newshelf 664 has settled all its obligations. These include its financial obligations to the financiers.

What our stakeholders asked us to report on

- Corporate governance and risk management issues
- Structure and composition on the board of managing sustainability issues
- Policy on executive remuneration, nature and extent of bonuses and management stake in Newshelf 664
- Nature of activities to standardise procedures throughout the Group
- MTN Group policies on bribery, corruption and theft
- General feedback on economic, social and environmental issues in the GRI and King II
- Details of the stakeholder engagement process
- Nature of staff shareholder scheme

Inaudible to humans, a social language of infrasonic sounds below 20 Hz reaches giant ears, even when separated by 2,5 miles or more. Intimate calls locate, reassure, and gather

ECONOMIC PERFORMANCE

The economic dimension of the MTN Group's corporate sustainability performance refers to the economic impacts – positive or negative, direct and indirect – that our activities have on the full range of our different stakeholders and on the economic systems in which we operate. While it includes a traditional assessment of our financial performance, it goes beyond this to include an assessment of the economic impact that we have on our suppliers, employees, communities and governments.

DELIVERING RETURNS FOR OUR SHAREHOLDERS

PERFORMANCE HIGHLIGHTS

- Group revenue up by 56% to R19,4 billion
- Total subscriber base of 6,7 million, up by 41%
- 97% increase in adjusted headline earnings per share
- EBITDA up by 71% to R6,2 billion
- Profit after tax of R2,2 billion
- Adjusted headline earnings of R2,4 billion

As a business, the Group has a primary duty to meet the demands of its shareholders and investors. It is only by remaining profitable – and by ensuring that its business is sustainable – that the Group can continue to make a positive contribution to society through its activities. Whilst making a profit remains the fundamental objective of our business, in doing so we are guided by the principles and values that underlie the MTN Group, including in particular, our commitment to investing in communities. The Group believes that it is in our long-term financial interest to effectively address social and environmental considerations.

CONTINUING OUR REVENUE GROWTH

During the review period, the Group continued to demonstrate positive performance against most of its set objectives. Total revenue for the Group was R19,4 billion, an increase of 56% on last year's R12,4 billion. EBITDA grew by 71% to R6,2 billion. In line with its set objectives of diversifying its income source, the Group now derives 36% of its revenue, 46% of its EBITDA and 38% of its adjusted headline earnings from its non-South African operations. The encouraging performance of the Group's established African operations and the positive EBITDA levels achieved by MTN Nigeria, were important contributing factors to this improvement, off-setting an EBITDA margin decline in our South African operations.

A summary of the financial performance of each of the Group's principal operations is provided in the data tables on page 83. A more detailed review of the Group's financial performance is contained in the accompanying Business Report. This can also be accessed electronically at www.mtngroup.com.

> "The Group has successfully diversified its income streams. Operations outside of South Africa contributed 36% to Group revenue, 46% to Group EBITDA and 38% to adjusted headline earnings per share. A total of 6,7 million subscribers was recorded in the Group's operations, an increase of 41% since March 2002."
>
> MTN Group CEO Phuthuma Nhleko
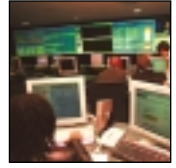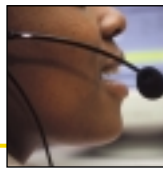
RETURNS TO SHAREHOLDERS

Group adjusted headline earnings per share reached 142,8 cents, an increase of 97% on the last financial year. A significant contributor to this increase was MTN International, with MTN Cameroon and MTN Nigeria in particular, producing better than anticipated results. The directors believe that it is in the best interest of shareholders to reinvest retained earnings in the expansion of the operations and the reduction of borrowing levels where appropriate. Accordingly, no final dividend has been declared. Taking cognisance of the strong cash generation of South African operations the dividend policy will be regularly reviewed to ensure optimisation of shareholder value.

THE CHALLENGES AHEAD

The Group forecasts that the addressable active subscriber market in South Africa will expand to 15 – 17 million subscribers within the next five years, reflecting a more mature market. This will result in slower growth than previously experienced. However, through an increased focus on value and customer retention, MTN South Africa expects to grow revenue in line with the overall market. MTN International, while taking cognisance of the Group's current expansion into Africa and of related funding requirements, will continue to explore opportunities throughout the continent. This is in line with the Group's vision of

being the leading provider of communication services in Africa.

MAKING A CONTRIBUTION TO THE REGIONAL ECONOMY

The MTN Group's contribution to the local and regional economies in which it operates takes a number of different forms. These include the provision of direct and indirect employment, the upliftment of communities through the supply of telecommunications services and the payment of taxes and other revenues to governments.

While it is difficult – if not impossible – to provide a set of quantitative indicators that fully reflect the nature of our economic contribution, there are nevertheless some well-recognised metrics that provide a useful indication of some of the benefits associated with our activities. From a quantitative financial perspective, these include the levels of payment to employees, suppliers and contractors and the distribution of value added (the difference between revenues and expenses) to our providers of capital and to the public sector.

PAYMENTS TO EMPLOYEES

As of 31 March 2003, the MTN Group employed 4 275 permanent staff members, many of whom are in turn providers of financial support for their dependants. In addition, the Group's activities provided indirect employment to numerous people throughout the countries in which we operate.

MTN subscribers (million)

Revenue (R billion)

EBITDA (R billion)

Headline EPS (Cents per share)
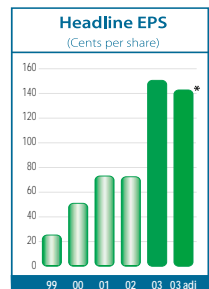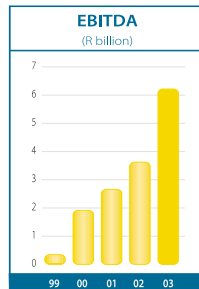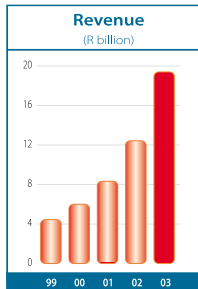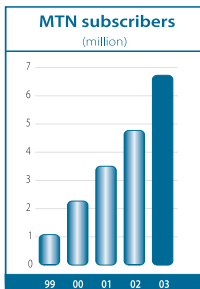
*adjusted downward by R128 million in 2003 to negate the deferred tax asset raised by MTN Nigeria. No adjustments required for previous reporting periods.

ECONOMIC PERFORMANCE (continued)

During the period under review, the total payroll for the Group, including employee benefits, was R974 million. A detailed breakdown of our payment to employees by operation is provided below.

PAYMENTS TO SUPPLIERS

The MTN Group provides business for a wide array of suppliers throughout Africa and internationally. Its procurement includes highly technical products – such as mobile-phone handsets, SIMcards and interconnection services – through to more conventional goods and services, such as utilities, office supplies and property rental. As outlined elsewhere in the report, the Group is conscious of its responsibility to act as an agent for change in the supply chain. It strives to encourage BEE through its procurement activities in South Africa and elsewhere seeks to stimulate local economic development as far as possible in its areas of operation.

During the review period, the total cost throughout the Group of all goods, materials and services purchased amounted to R10,6 billion.

PAYMENTS TO THE PUBLIC SECTOR

The Group makes various forms of official payment to the different governments with which it has dealings. In addition to paying taxes – such as corporate income tax, sales taxes, taxes on dividends and employee income tax – we also make financial contributions in the form of licence fees, including annual payments for the right to use the electromagnetic spectrum. During the 2003 financial year, the total amount of corporate tax paid by the Group to governments was R3 140 million. A breakdown of country-specific operations is provided below.

These payments to government – which are used to provide infrastructure and other public services necessary for development – are further supplemented by the Group's corporate social investments which are described in detail in the social performance review (page 50).

UNDERSTANDING MTN'S TARIFFS

The nature of the Group's tariff structure is understandably an area of great interest to most of our stakeholders. It is important that this issue is not seen in isolation and is considered in the context of total costs, the required capital investments and customer expectations in terms of quality and coverage. Furthermore, it is important to appreciate the impact that macro-economic conditions have on tariffs.
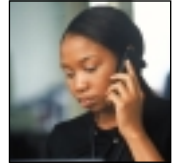
CAPITAL INVESTMENT

The Group's long-term commitment to contributing to the socio-economic development of Africa is reflected in its numerous investment activities throughout the continent. During the reporting period, more than R4,2 billion was spent as part of its capital expenditure programme, primarily aimed at further expanding our existing operations within the countries in which it currently operates. R6,6 billion has been committed for capital expenditure for 2004.

MTN GROUP PAYMENTS TO EMPLOYEES, SUPPLIERS AND THE PUBLIC SECTOR

	Employee payroll and benefits (including employee tax) (Rm)	Payments to suppliers (Rm)	Payments to the public sector (including employee tax) (Rm)
MTN Group's South African based entities (MTN SA, MTN International and Strategic Investment Division)	712	7 933	2 296
MTN Cameroon	54	269	67
MTN Nigeria	164	2 106	
			637
MTN Rwanda	7	19	13
MTN Swaziland	6	17	13
MTN Uganda	31	241	114
Total	974	10 585	3 140

Group cash value added statement

For the year ended 31 March 2003

	2003 Rm	2002 Rm
Cash value added		
Cash value generated from revenue	18 668	11 751
Cost of materials and services	(10 585)	(6 678)
Cash value added by operations	8 083	5 073
Finance income	124	131
	8 207	5 204
Cash value distributed		
Employees	974	826
Salaries, wages and other benefits	814	666
Employees' tax	160	160
Governments	2 980	1 786
Corporate and indirect taxation	2 602	1 528
Licence fees	375	242
Foreign taxes	3	16
Providers of capital	832	447
Finance costs	832	447
Dividends	—	—
Total cash value distributed	4 786	3 059
Reinvested in the Group	3 421	2 145
	8 207	5 204

THE MTN BRAND – AN AFRICAN SUCCESS STORY

- In Uganda, MTN has 95% brand awareness and is ranked as the most favourable brand according to the MTN Uganda annual Brand Health Survey.

- MTN Rwanda is ranked as the top brand in Rwanda, having spontaneous brand recognition of 98% according to the operation's annual Brand Health Survey.

- MTN Nigeria was awarded Brand of the Year 2001 by ThisDay Newspaper in January 2002.

- MTN Cameroon was awarded Brand of the Year from the Stars of Marketing and Communication, an independent commission that assesses the best performers of the year.

MTN – SUPPORTING NEPAD BY INVESTING IN AFRICA

Although doing business in Africa is often perceived as high risk, the MTN Group believes that the region is in fact highly conducive to beneficial private sector investment. Over the last five years, the Group has invested more than R12 billion in bringing communication solutions to ten African countries – via cellular, fixed line, satellite, internet connectivity and mobile application solutions. The Group's infrastructure not only enables communication across the continent, but it also facilitates and supports other infrastructural and social projects, all of which have resulted in significant socio-economic benefits in the countries in which it operates. In so doing, it is making a significant contribution to the realisation of the aims of NEPAD, which has identified ICTs as one of its six sectoral priorities.

MEETING CUSTOMER EXPECTATIONS

Products and Services*

MTN constantly works on improving its services and products. The following general services are available to both personal and business customers:

- To communicate: Call Barring, Call Forwarding, Call Waiting, SMS, International Roaming, Voicemail, Enhanced Voicemail and Voicemail-Lite.
- For information: Calling Line Identity, Directory Enquiries and Call Connect, MTN information lines and Update Line.
- Getting help: Customer Services 173, Directions, Emergency Call, Legal and Tax Assist.
- Getting organised: Computicket Telebookings, MTN Weather and Wake-up Call.
- Connecting: Basic Data, Conference Calling, MTNdataFAST (HSCSD), MTNdataLive (GPRS), Dual Call, Faxmail, Mobile Banking and Mobile-mail.
- Personal products: These products are aimed at the individual and consist of a range of Prepaid or Postpaid packages. For the individual there is an option between packages offering inclusive airtime minutes and others where you only pay for the minutes you use.
- Business products: Customers using their mobile-phones for business have different needs from those of personal users. For the business executive there are tailored packages.

*Not all products are available in all the countries we operate in.

NIGERIAN Y'HELLO BAHN

To overcome some of the significant constraints in the telecommunications transmission infrastructure in the country, in early 2002 MTN Nigeria committed to constructing a countrywide microwave radio transmission backbone. It chose to call this "Y'helloBahn", coined from MTN's brand colour, the symbol of voice communication ("hello"), and the German word for network ("bahn"). Following ten months of work and an investment of US$120 million, the first phase of Y'helloBahn was officially commissioned on 20 January 2003.

Spanning more than 3 400 kilometres, Y'helloBahn has been hailed as a bold attempt to connect Nigeria digitally. Completion of phase 1 of Y'helloBahn has resulted in a significant improvement in call quality and a reduction in the percentage of dropped calls. The project has also led to a large increase in coverage, particularly of rural communities and roads and highways across Nigeria. The construction work on the second phase of Y'helloBahn should commence shortly.

What our stakeholders asked us to report on

- MTN's financial performance
- Comment on tariffs
- Nature of activities to improve teledensity and bridge the digital divide
- Plans to improve customer services
- Nature of plans to reduce the incidence of service being suspended for non-payment
- Details of plans for expansion throughout the continent
- MTN's contribution to NEPAD

SOCIAL PERFORMANCE

The social dimension of our corporate sustainability performance refers to the direct and indirect social impacts that the Group's activities have on all stakeholders. While this includes the working environment provided to employees in particular, it also encompasses our impact on society in general.

PROMOTING A PRODUCTIVE, EQUITABLE AND SAFE WORKPLACE
EMPLOYEE DEMOGRAPHICS

At the end of the 2003 financial year, the MTN Group had a total of 4 275 permanent employees, 923 temporary and 247 contract employees. Approximately 78% of the total workforce is comprised of permanent full-time appointments, 17% temporary employees and 5% contractors.

STRIVING TO MAKE MTN AN EMPLOYER OF CHOICE

Ever since its inception, the Group has striven to be an Employer of Choice. It recognises that its employees are key to the success and growth of the Group and are a leading source of innovation and competitive advantage. The Group aims to empower staff through unique career development strategies. This approach has ensured that MTN South Africa, MTN Swaziland and MTN Uganda have consistently been ranked among the best companies to work for in their respective countries.

	Permanent	Temporary	Contractors
MTN Group's South African-based entities (MTN Group, MTN SA, MTN International and Strategic Investment Divisions)	2 352	873	161
MTN Cameroon	293	32	4
MTN Nigeria	1 084	11	66
MTN Rwanda	140	1	2
MTN Swaziland	81	3	12
MTN Uganda	325	3	2
MTN Group total	4 275	923	247

CONDITIONS OF EMPLOYMENT

The Group is committed to providing a working environment that attracts and retains quality employees. It adopts an approach of best-practice benchmarking and tailored solutions to meet the needs of its human capital in each country of operation.

The Group believes strongly in a performance-based culture and seeks to identify, develop and reward employees who deliver top performance. Performance evaluations are carried out every six months. Annual salary increases are based on the results of these appraisals, which include specific provision for the implementation of the Group culture and values, as well as the achievement of targets relating to employment equity.

Although none of its operations have formal agreements with any recognised trade union movement, the Group is committed to the principles of freedom of association and collective bargaining, and to ensuring that approach of consistent dialogue with employees is maintained. Policies and procedures to inform and consult employees regarding restructuring are in place.

PROMOTING EQUITY AND DIVERSITY IN THE WORKPLACE

The Group is committed to the principles of employment equity and local skills development. Group companies are required to encourage advancement of black and female persons in managerial capacities in all the Group's activities. The Group's South African operation complies fully with the Employment Equity Act of 1998, submitting the required reports on its employment equity plans, targets and progress. Significant progress has been made during the reporting period in meeting ambitious employment equity targets. In addition to promoting employment equity in South Africa, the Group is also committed to a programme of "localisation" throughout its other operations. During the year, local management capacity has been further strengthened and the number of expatriate managers has been reduced.

NON-DISCRIMINATION

In terms of the Group's Draft Code of Ethics, all employees have the right to work in an environment that is free from any form of harassment or unlawful discrimination with respect to race, colour, sex, sexual orientation, place of origin, citizenship, creed, political persuasion, age, marital or family status or disability. Employees are urged to report promptly and confidentially any case of actual or suspected discrimination or harassment to their designated manager.

DEVELOPING OUR STAFF

The Group is committed to an integrated approach to training that develops individual competencies, instils the Group's values and culture, and fosters effective leadership. On average, it spends some 3,8% of payroll on training, higher than the international industry average of 3,2%.

In addition to offering a choice of customised training programmes, the Group also provides financial study assistance to all full-time employees of MTN South Africa in the form of a maximum annual loan of R4 500 reimbursable on successful completion of the qualification. In South Africa, the Group's functional training activities have been officially recognised by the Services Sector Education and Training Authority (SETA) as providing an outstanding contribution towards the skills development of employees. MTN South Africa is the first cellular network in South Africa to be aligned with the National Qualification Framework as a workplace-training provider and is used as a
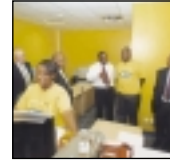
model of best practice by the Services SETA.

The Group places a high value on leadership development, seeing this as critical for meeting long-term objectives. During the reporting period, MTN South Africa offered three new management development programmes aimed at developing the skills and knowledge of managers at different stages of their career. These programmes enable them to achieve credits towards Harvard Business School certificates and University of Warwick programmes. The Group also has partnership arrangements with the Institute of Management Development in Switzerland and with the GIBS Programme for Management Development in South Africa.

The success of the training programmes is measured by the pass rate – associated with the externally assessed courses, such as the University of Warwick programme – and by the occasional external competency assessments that have been undertaken of the Group's functional training. Another measure is the recovery of skills levies, MTN currently recovers 100% of the skills levy available for recovery.

STAFF TURNOVER

During the reporting period, 348 employees left MTN South Africa, comprising 12,2% of management and 10,2% of operational staff, representing 10,6% in total. Of these, 218 resigned, three retired, 102 were retrenched or made redundant and 21 were dismissed. The balance left for various other reasons such as ill-health. MTN South Africa's rate of staff turnover is consistently in the best performing quartile for international telecommunications companies.

EMPLOYEE SHAREHOLDER SCHEME

The Group believes that an important feature of a sustainable company is the provision of a broad-based employee share-ownership scheme.

It currently has two share incentive schemes running for its staff in South Africa:

- The MTN Holdings Share Incentive Trust (Debenture Scheme) was registered in 1996 and has made major debenture allocations to all levels of staff every year from 1996 to 2000. To date, most of the debentures have vested, leaving just four major vestings to occur on defined dates by December 2005. There are approximately 1,6 million debentures remaining, which will convert into approximately 4,9 million MTN Group Shares. This scheme is being terminated and no further allocation will be made under this trust.

- The MTN Group (M-Cell) Share Trust was originally registered in 1994 but has since been amended to be utilised by the Group for the purposes of a simple share option scheme. All permanent staff, excluding local and expatriate staff in MTN International operations, are eligible. Share options are allocated to staff based on approved criteria and become available to exercise at specific rates on the second, third, fourth and fifth anniversaries of the allocation. To date about 25 million share options have been issued to staff. The first allocation under the amended scheme was effective September 2001 and the second September 2002. All options lapse after a period of 10 years or on termination of employment other than by retirement or retrenchment.

OCCUPATIONAL SAFETY AND HEALTH

During the reporting period, the MTN Group regrettably had four work-related contractor fatalities, three in Nigeria and one in Cameroon. The fatalities in Nigeria were the result of road accidents. A comprehensive training programme on defensive driving has subsequently been introduced with the aim of avoiding such incidents in the future. The other contractor was fatally injured during the construction of the new switch building in Duoala, Cameroon.

The Group's commitment to the proactive integration of health and safety objectives throughout our management systems at all levels is reflected in the MTN Group Health and Safety Policy and in the associated management procedures. Core to the implementation of the policy, is the Group's structured Risk Control Management Process (RCMP) introduced in all operations. The RCMP is based on ten key elements, each of which is supported by a set of procedures and standards contained in the MTN Health and Safety Manual, which may be tailored to address regional-specific circumstances. These elements include organisation and leadership, emergency preparedness, incident reporting and investigation, document control, training, risk assessments and the management of contractors.

Throughout the Group, the primary safety concerns for employees are those associated with working on towers during routine maintenance of base stations and road traffic accidents. Procedures are in place to ensure the provision and effective use of personal protective equipment, such as climbing harnesses. In a number of our operations the Group provides training courses on defensive driving skills and in some instances, it has also installed vehicle logging systems in company vehicles to promote improved driving and maintenance practices.

ADDRESSING HIV/AIDS IN THE WORKPLACE

Recognising HIV/AIDS as one of the most significant challenges affecting the African region, the MTN Group is committed to addressing this issue in a structured manner. The Group is implementing a comprehensive HIV/AIDS Policy (see box on page 44) disseminated widely through management briefing sessions, induction training and internal network groups.

Internal awareness programmes include informative posters and e-mails, providing education through industrial theatre, including articles in our monthly staff magazines and sending out SMSs to all our staff, particularly on dedicated occasions such as World AIDS Day. The Group supplies condoms at most sites.

Recognising the potential effect of HIV/AIDS on its business in the future, the Group constantly monitors the general infection rates in the countries in which it operates. According to recent UN estimates, sub-Saharan Africa currently has 29,4 million people living with HIV/AIDS, ten million of whom are aged 15 to 24. Without significantly increased prevention, treatment and care efforts, the AIDS death toll in the region is expected to continue rising before peaking around 2010. The UN estimates that in just 12 years, the population in a number of SADC countries will be 19% lower as a result of HIV/AIDS. Our various community-based activities on HIV/AIDS are described in the section on the Group's Corporate Social Investment programme, as well as in the individual country-specific reports.

COMBATING BRIBERY AND CORRUPTION

The Group takes an unequivocal position against bribery and corruption throughout all of its operations. Clear guidelines have been laid down on this issue, any breach of which is treated as a dismissible offence. Group policies on this issue are supported by thorough internal auditing procedures, as well as by facilities enabling employees to disclose malpractice. During the reporting period, 21 employees were dismissed for fraudulent or improper activities.

POLITICAL SUPPORT

The Group encourages the personal participation of its employees in the political process and respects their right to absolute privacy with regard to their personal political activity. In accordance with our commitment to upholding good corporate governance practices, the Group does not make donations or provide funding to any political parties for administrative or campaign purposes.

MTN'S ANNUAL LEADERSHIP CONFERENCE

During the review period, the Group held its first annual leadership conference. The two-day *Leading for the Future* conference provided a valuable consultative platform for our top management from throughout the Group, culminating in a 12-point MTN Leadership Vision aimed at realising the Group's ambition of being the leading communications company in Africa.

MTN GROUP LEADERSHIP VISION

1. Empower our people
2. Share knowledge
3. Instil passion
4. Live the values
5. Innovate and take risks
6. Focus on team work
7. Cultivate trust and integrity
8. Provide vision and direction
9. Take customer-centric actions
10. Deal with and manage change
11. Inspire
12. Be lateral thinkers with a positive solution orientation

MTN'S POLICY ON HIV/AIDS

The MTN Group has a comprehensive policy on HIV/AIDS that has been drawn up in accordance with the South African Department of Labour's Code of Good Practice, and with reference to international and South African legal and ethical standards. The policy, which was launched by MTN South Africa on World AIDS Day in December 2001, commits the Group to providing education and awareness programmes, to supplying condoms and first aid protective equipment, and to assisting employees to access treatment for sexually transmitted infections.

In terms of the policy, MTN South Africa will also assist employees who wish to have an HIV test by providing an on-site counselling/testing service or by referring them to a suitable local service. In the case of exposure to HIV/AIDS through rape or accident, the Group will provide assistance to staff to obtain anti-retroviral therapy. Employees with HIV/AIDS are provided with access to a special medical aid package that is aimed at maintaining their health for as long as possible. Should a staff member's HIV/AIDS status become known, the Group will not tolerate any form of discrimination against that person.

This policy, which has been reviewed externally by the AIDS division of the Wits Law Society, is disseminated widely through management briefing sessions, induction training and internal network groups.

BRIDGING THE DIGITAL DIVIDE

The MTN Group believes passionately in the power of telecommunications to increase opportunities for economic development and growth, particularly in rural areas. Installing community payphones in under-serviced areas is an integral requirement of most of our licence agreements. In most cases, the Group has exceeded these requirements.

To date, MTN South Africa has installed over 10 000 community payphones in under-serviced areas. Together with the establishment during this period of new retailers of mobile phone-cards, the Group has contributed significantly to creating jobs and entrepreneurial opportunities for the unemployed. In Uganda and South Africa, MTN is living up to the spirit of its licence by increasing teledensity in innovative ways, for example by providing telecommunication connections to schools through School Connectivity projects. This project facilitates Internet access for learners to help bridge the digital divide on the continent.

MTN SOUTH AFRICA – GOING BEYOND OUR COMMUNITY SERVICE OBLIGATIONS

In terms of its licence obligations, MTN South Africa was required to provide 7 500 community service stand-alone payphones in under-serviced areas throughout the country within five years. To date, MTN South Africa has spent more than R300 million to install more than 10 000 community payphones in under-serviced areas of which approximately 7 800 are operational. In addition to increasing access to telephony in previously under-serviced communities, these activities have contributed to job creation and local economic growth.

The company has adopted a new business model that includes regular visits to payphones by cellular technicians, as well as the roll-out of Phoneshops, unique purpose-built units that house six to eight cash-over-the-counter payphones, debit/SIM card-operated combined phones and outdoor universal access debit card phones. These Phoneshops have made telecommunication services available to a broad range of users and have helped to enhance economic activity by creating entrepreneurs who receive commission on payphone debit cards purchased from MTN.

In addition MTN's community services division also provides Phoneshop operators with skills training that includes basic financial analysis; budgeting and asset management; and service application know-how and technologies. During the 2002/03 financial year, the installation of MTN card-operated payphones has facilitated 3 500 new retailers and entrepreneurs in under-serviced areas throughout South Africa.
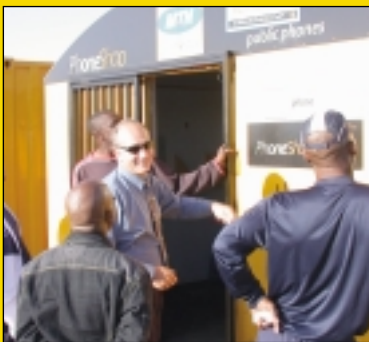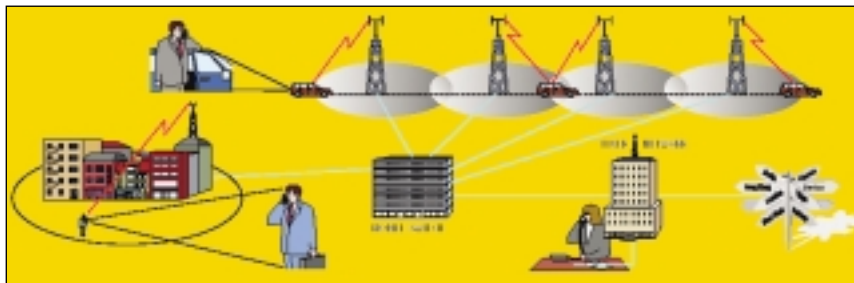
HOW CELLULAR PHONES WORK

A cell phone is actually a radio, it sends and receives information (voice messages, fax, computer data, etc) by radio communication. Radio frequency signals are transmitted from the phone to the nearest base station and incoming signals (carrying the speech from the person to whom the phone user is listening) are sent from the base station to the phone at a slightly different frequency. Base stations link mobile phones to the rest of the mobile and fixed phone network.

BASE STATION

A base station consists of a tower and a small building containing the radio equipment. This provides radio coverage to a given geographical, the cell. Base stations are connected to one another by central switching centres, which track calls and transfer them as the caller moves from one cell to the next.

Once the radio frequency signal reaches a base station it can be transmitted to the main telephone network, either by telephone cables or by higher frequency radio links between an antenna (e.g. dish) at the base station and another at a terminal connected to the main telephone network.

PROMOTING RESPONSIBLE USE OF MOBILE PHONES

Every day, millions of our customers throughout Africa make use of the unique benefits of convenience and safety offered by mobile telecommunications. However, along with these benefits comes the responsibility of ensuring the safe and socially considerate use of mobile phones. We recognise that there are many instances – such as hospitals cinemas, theatres, weddings, funerals and business meetings – when mobile phones should either be switched off or used in silent mode. We thus encourage our customers to exercise consideration and have supported various awareness-raising initiatives and advertising campaigns aimed at promoting appropriate mobile-phone etiquette.

In South Africa, MTN is a founding member of SACTA, the independent non-profit association that represents the cellular communications equipment manufacturers and network operators in the country. Through SACTA, we participate in providing current and responsible information on mobile telecommunication health and safety issues to the public and government bodies through proactive information provision, the SACTA website (www.sacta.co.za) and the distribution of information brochures at points of sale.

MTN also ensures the privacy of its customes, closely guarding all customer databases. Relevant MTN staff sign non-disclosure agreements to this effect and release of customer information for criminal proceedings requires legal subpoena.

HEALTH AND SAFETY ASPECTS RELATED TO MOBILE TELECOMMUNICATION PRODUCTS AND SERVICES

The health and safety of the public, customers, employees and contractors are extremely important to the Group. It takes seriously its commitment to ensuring that Radio-Frequency (RF) exposure levels generated by infrastructure and services comply strictly with international and national safety guidelines. It also continually monitors and supports RF research, takes guidance from leading health agencies and provides extensive factual, responsible information to customers and the public.

MANAGING OUR BASE STATION SITES RF EMISSIONS

In the location and operation of its mobile base stations, the Group ensures full compliance with the RF sites exposure levels set down in guidelines issued by the South African Department of Health.

These guidelines were developed by an expert committee of the International Commission for Non-Ionising Radiation Protection (ICNIRP) and were endorsed by the European Commission (July 1999) and the World Health Organisation (June 2000). This committee is independent of any industry or commercial influence. As an added precaution, the allowable exposure level limits in the ICNIRP guidelines include very generous safety margins (especially for public exposure) and are subject to periodic review. Levels many times below the guidelines are achieved in South Africa through the adoption of best contemporary practice.

ENSURING COMPLIANCE ON RADIO-WAVE EMISSIONS

Detailed Group procedures have been developed and implemented within MTN's ISO 9001 system on the design, construction, location, monitoring and maintenance of all MTN's Mobile base station sites, so as to ensure that – as a minimum – we comply fully with the requirements of the ICNIRP

GOVERNMENT REGULATIONS AND THE TELECOMMUNICATIONS SECTOR

There are a number of issues specific to the telecommunications sector that are regulated by governments. These include for example:

- Providing allocations to the radio-frequency spectrum
- Managing any perceived health risks associated with radio-frequency
- Regulating the use of mobile-phones while driving
- Managing the location of base station sites
- Finding an effective balance between maintaining the rights of mobile-phone users to privacy, while enabling the state to combat crime and protect national security
- Enforcing obligations for the provision of telecommunications services into traditionally under-serviced areas

These sector-specific issues are in addition to the more general government regulations and common law requirements, relating for example to the protection of consumer rights, the promotion of worker health and safety, and the appropriate conservation of the natural environment.

guidelines. We conduct regular monitoring, with sophisticated measurement equipment, to ensure that our RF emissions remain well below the internationally accepted ICNIRP standards, as endorsed by the World Health Organisation.

GUIDANCE BY LEADING HEALTH AGENCIES

With regard to the health and safety aspects of RF exposure levels from mobile base station sites and mobile phones, the Group is guided by the expert advice of international health authorities such as the World Health Organisation (WHO), as well as from the South African Department of Health. The consensus – on the basis of extensive research and the findings of independent scientific review panels – is that there is no substantiated evidence of health effects from the low levels of RF generated by base station sites and mobile phones that comply with national and international safety guidelines.

SUPPORT FOR ONGOING RESEARCH

The Group encourages and supports independent, quality, scientific research and continually reviews the results of RF research being performed throughout the world. The global GSM Association, of which the Group is a member, participates in funding RF research conducted and managed by independent international organisations. The Group also regularly reviews its policies in light of

the most up-to-date research findings – with particular emphasis on the findings of recognised, expert, scientific review panels – to ensure that our operations are consistent with the most up-to-date information on RF health and safety standards.

ADDRESSING CONCERNS RELATING TO MOBILE HANDSETS AND BASE STATION SITES

The Group recognises that some stakeholders may have concerns or uncertainties regarding the health and safety aspects of mobile phones and base station sites. It is committed to a process of open and transparent discussion on this issue and to ensuring effective consultation with and information provision to affected communities on the siting of base station sites. In addition, the Group monitors the RF levels emitted by its sites and certifies the sites where the public has raised concerns.

PROVISION OF FACTUAL INFORMATION TO THE PUBLIC

There is a vast amount of information available globally, in all forms of media, on every aspect of mobile telecommunication services and associated technology. MTN continually collates and provides factual information on RF health and safety aspects both directly and through active participation in SACTA.

ADVANCED TELEMETRY APPLICATIONS

As a result of MTN being the first cellular network in South Africa commercially to offer the GPRS platform, Orbtrac – an applications solutions company in the vehicle transportation industry – has been able to offer advanced telemetry applications in partnership with MTN. The combination of cellular GPRS and satellite GPS in Orbtrac's new product range ensures that Vehicle Tracking Systems remain online all the time, with geo-referencing information such as GPS-accurate position, date, time, speed, direction and altitude being updated every 30 seconds. With the new GPRS solution, a fleet operator need only glance at a PC screen to find a vehicle, with the knowledge that the visual positional information is not older than 30 seconds.

PROMOTING BLACK ECONOMIC EMPOWERMENT

AT MTN South Africa, procurement practices are guided by the MTN Group's BEE policy. This policy was developed by the Group in 2000 on the basis of a review of local best practice.

In terms of the policy, each of our suppliers is sent a BEE questionnaire. They are then rated on the basis of an internal scoring system, the results of which are maintained in our database of rated suppliers. The BEE scoring system assesses factors such as ownership, management diversity, internal employment equity programmes, investment in training and social investment programmes, and the suppliers' own procurement policies and BEE procurement practices. On the basis of this scoring system, each supplier is allocated a BEE percentage rate. This percentage is then applied against the total spent with that supplier, with the resulting amount being allocated toward our annual BEE target.

We encourage our suppliers to achieve a stronger empowerment rating in terms of Group criteria. We also actively assist BEE companies to further their business initiatives. In this way, the Group has positively impacted on the economic landscape of South Africa.

To ensure implementation of BEE throughout the company, each business unit is allocated a BEE budget target, the achievement of which is monitored on a monthly basis and forms part of individual key performance indicators. During this reporting period, MTN South Africa's BEE expenditure was approximately R500 million, compared with R582 million in the previous period and R672 million in the 2001 financial year. The lower amount this year is primarily the result of a reduction in procurement expenditure. Our BEE target for 2004 is R700 million.

> *" MTN is driving economic progress in underdeveloped communities by installing new networks that boast the latest global technology and by investing in social development. As wireless technology continues to develop, disadvantaged communities will benefit most. "*
>
> *Dr Yvonne Muthien – MTN Group Executive Corporate Affairs*

CORPORATE SOCIAL INVESTMENT PROGRAMME

Throughout the world, but particularly in Africa where the MTN Group operates, the dictum that "the business of business is business", is simply no longer appropriate. MTN believes that the Group is here not merely to conduct business, but also to make a meaningful contribution to economic and social sustainability by investing in the societies in which it operates.

Effective corporate social investment involves more than charity and donations. The Group strives to develop long-term partnerships with all the beneficiaries of its social investment initiatives, focusing on lasting commitment rather than once-off projects.

This section of the report deals primarily with the corporate social investment activities of MTN in South Africa. A brief review of the social investment activities of our cellular operations is provided in the individual operations reports.

THE MTN FOUNDATION

The MTN Foundation was launched in December 2001 as a separate division of the MTN Group. The Foundation's mission is to "improve the quality of life in the communities in which MTN operates, through the establishment of caring partnerships". Social investments are undertaken in accordance with the MTN Foundation's social investment criteria.

During the reporting period, the MTN Foundation invested a total of R15 million in social development initiatives, with an additional R7 million dedicated to MTN's School Connectivity project. This R22 million is over and above our expenditure on marketing and sports-related sponsorships, many of which have a strong social development component and does not include the additional social investments undertaken by the individual operations of MTN International.

MTN FOUNDATION'S SOCIAL INVESTMENT PORTFOLIOS

The MTN Foundation focuses its efforts on the following four key portfolios.

- Education – assisting in improving the quality of education in underprivileged schools.
- HIV/AIDS – educating and sensitising people to the challenges posed by HIV/AIDS.
- Science and Technology – fostering innovation by promoting an interest in science and technology.
- Arts, Culture and Heritage – preserving and building the country's rich cultural and artistic heritage.

Further information on the MTN Foundation is available from www.mtngroup.com.

As part of its commitment to sustainable partnerships, MTN appointed an independent team to assess the effectiveness of its social investment programme. This is the second such review in two years. The review was undertaken against a set of criteria that examined the impact, sustainability and cost-effectiveness of our interventions.

BUILDING EDUCATION

Recognising the importance of education in the long-term development of the country, MTN has contributed to a number of education-related initiatives, dedicating R4 million to such initiatives, excluding the School Connectivity project (see box). The external impact review of CSI activities found that for every R1 spent by MTN, a further R0,80 has been unlocked by other sponsors.

During the reporting period, the MTN Foundation adopted 40 rural schools in eight provinces, providing them with educational material and improved infrastructure. MTN South Africa is one of the founder members of the South African Democracy Education Trust (SADET), which is aimed at recapturing South Africa history from 1960 to 1994 and uses it to develop film and teaching resources. The Trust operates under the auspices of the Presidency.

At an operational level, MTN South Africa's staff have assisted numerous undergraduate and postgraduate students by providing mentorship of projects in the telecommunications field. MTN supports 49 students with bursaries at tertiary level, to the value of R1 million per year. Through MTN's sponsorship of the University of Stellenbosch's SUNSTEP programme, more than 90 000 learners have been trained in electronics and science education over the past five years.

MTN TACKLING HIV/AIDS

During the reporting period, the MTN Foundation contributed R1,2 million to education and awareness initiatives on HIV/AIDS. The external impact review of CSI activities found that for every R1 spent by MTN on HIV/AIDS, a further R3,30 has been unlocked by other sponsors. Its various community projects included sponsoring an HIV/AIDS youth education programme on a national television network, launching an HIV/AIDS job creation and empowerment project in the North West Province, and sponsoring the development of theatre, arts and cultural tools aimed at transferring counselling skills to HIV/AIDS counsellors. The Foundation also provided funding for functions for children living with HIV and/or AIDS, and partnered with the Sports Heroes Walk against HIV/AIDS from Johannesburg to Cape Town which raised money for hospices and care centres. It has also integrated activities on HIV/AIDS within our sponsorship programmes on arts and culture, and science and technology.

PROMOTING SCIENCE AND TECHNOLOGY: THE MTN SCIENCENTRES

During the reporting period, the Foundation provided sponsorship of R5,5 million for science and technology projects. The MTN ScienCentre in Cape Town continues to be the flagship project in this field, making a significant contribution to promoting awareness and interest in science and technology. During the year, the ScienCentre hosted a number of important initiatives, including exhibitions on the science of cricket (to coincide with the ICC Cricket World Cup) and an eclipse education programme for parliamentarians and the general public. Building on the success of the Cape Town Centre, the MTN Foundation launched a new ScienCentre in Umhlanga, near Durban, in July 2002 and has plans to launch another centre soon in Pretoria. In the external impact review it was found that every R1 spent by MTN on science and technology projects unlocked a further R6,82 from other sponsors. The projects were judged to have a high impact and long-term sustainability.

SUPPORTING ARTS AND CULTURE

MTN's commitment to the arts was again demonstrated over this reporting period through its investment of R1,2 million towards various artistic and cultural activities, which in turn leveraged approximately R4,2 million from other sponsors. This means that for every R1 spent by MTN on Arts and Culture, other sponsors unlocked a further R3,50. During the WSSD held in Johannesburg in August 2002, the Foundation co-ordinated and hosted a successful Child Art and Essay Competition in association with the Department of Environmental Affairs and Tourism and launched the MTN Landmark Retrospective Art Exhibition. An innovative New Contemporaries awards for up-and-coming artists was also launched. In addition, the Foundation sponsored the Rorke's Drift Travelling Exhibition and Publication showcasing pioneering black artists. The Rorkes Drift Centre was the only centre training black artists during the apartheid era. Furthermore, the Foundation provided support for a number of concert tours and performances for various local and international musicians.

MTN AT THE WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT

MTN South Africa was the exclusive cellular telecommunications partner for the 2002 World Summit on Sustainable Development held in Johannesburg in August 2002. The company provided cellular telephony and data services for the thousands of delegates, as well as financial support (R5 million) for the organisation of the Summit. In addition to boosting the capacity of its network through the implementation of a temporary 1800 MHz network to ensure uninterrupted cellular services during the Summit, it also launched an interactive hotline in seven languages to provide media, delegates, Johannesburg residents and businesses with up-to-date information on the Summit.

MTN SOUTH AFRICA'S SCHOOL CONNECTIVITY PROJECT

Responding to President Thabo Mbeki's call to the nation to bridge the digital divide, MTN South Africa has entered into partnerships with a number of non-governmental organisations and other companies to equip schools with computer laboratories, provide training in ICTs and support Internet access. During the reporting period, the MTN Foundation invested R7 million into schools connectivity and recruited four major partners which together contributed another R3,5 million. For every R1 MTN spends, it has unlocked R0,50 from other sponsors.

In its first year, the Schools Connectivity project has seen the establishment of multimedia centres at 32 rural schools in KwaZulu-Natal, Mpumalanga, Eastern Cape and Limpopo Provinces. The multimedia centres are equipped with 10 computers; a server; a 3-in-1 printer, copier, scanner and fax machine; a television set; video recorder; and a GPRS modem, which uses the MTN network and provides faster access to the Internet. Approximately 32 000 learners will benefit immediately from these centres. In addition, thousands of community members will have access to multimedia facilities over weekends. The establishment of phone shops at each of these schools means that the profit generated from the use of the facilities will support the teaching of mathematics and science. In addition, about 30 000 households in previously underserviced communities will now have access to telecommunications facilities. During the review period, the Foundation partnered Dimension Data in building a school and a computer laboratory in Mount Frere, Eastern Cape, in honour of former president Nelson Mandela. The school has eight classrooms, an administration block, science laboratory, library and an ICT laboratory. The Foundation contributed an additional R1,5 million to the school.

MTN FOUNDATION PORTFOLIO SPEND (RM)

Bar chart showing spend by category for 2001 and 2002 (values in Rm, scale 0–7):
- Science and technology: 2001 ≈ 5, 2002 ≈ 5
- Education: 2001 ≈ 5, 2002 ≈ 4
- Arts Institute: 2001 ≈ 3,5, 2002 ≈ 1
- HIV/AIDS: 2001 ≈ 0,5, 2002 ≈ 1
- Schools Connectivity: 2001 ≈ 0, 2002 ≈ 7
- Special projects: 2001 ≈ 0,5, 2002 ≈ 2
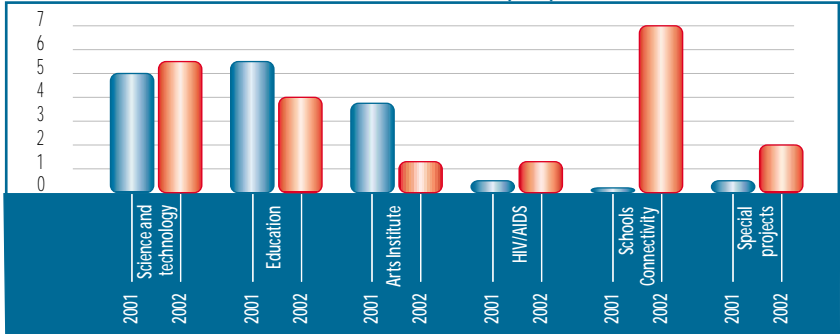
Mobile business

Being connected to the MTN network not only gives business executives access to a range of free services, it also offers a choice of optional subscription-based services to enhance a mobile lifestyle. These services, available mainly in South Africa at present, will be introduced to the other operations as markets mature.

- MTNdataFAST enables customers to send and receive data up to four times faster than other GSM networks by using MTN's high-speed circuit switches data transfer technology. MTNdataFAST allows users to send and receive any data from real-time moving pictures to spreadsheets, via a mobile phone to a laptop or PDA.
- MTNdataLIVE allows customers to be on-line all the time, but only pay for the data that is transferred.
- Enhanced Fax Data allows clients to take their office wherever they go by providing access to fax, e-mail and data communications. Appropriate software will need to be loaded on the computing device (Laptop/PDA) used.
- Bulk SMS allows for one message to be sent to more than one number at the same time.
- Enhanced Voicemail allows users to create a mini communication network with a mobile phone allowing more messages to be handled.
- Telemetry is the mechanism by which information is interchanged between remote and separate locations for the purpose of monitoring and/or control.
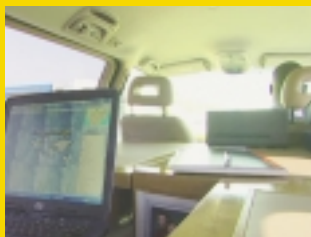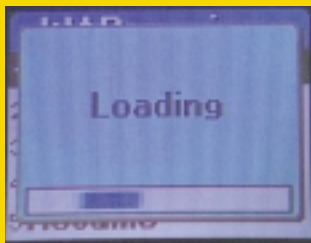
What our stakeholders asked us to report on

- Policies and practices on HIV/AIDS
- Policies on staff retention
- Skills development activities
- Nature and criteria for corporate social investment and community projects
- Support for educational activities, particularly in science and mathematics
- Performance against employment equity targets
- Activities to promote black economic empowerment and the use of local suppliers
- Nature of plans to replace expatriates with local people
- Evidence of support for local cultural activities
- Extent to which Community Service Obligations are addressed
- Nature of the impact of radio-frequency emissions from base stations, antennae and mobile terminals

ENVIRONMENTAL PERFORMANCE

The environmental dimension of our corporate sustainability performance refers to the direct and indirect impacts that the Group's activities have on the natural environment. These include, in particular, the impacts associated with the installation and operation of our towers and base station sites as well as the more generic impacts associated with the administration of a large business organisation. From an environmental perspective, the telecommunications sector is typically classified as being of "medium impact".

IMPLEMENTING ENVIRONMENTAL MANAGEMENT SYSTEMS

The MTN Group is committed to ensuring that the impact on the environment of its operations is managed effectively. To achieve such commitment, the Group developed an Environmental Management Programme (EMP), which considers all aspects of environmental impact through its operations, especially the base station site's life cycle, from the time of building to the time of decommissioning to ensure minimum environmental impact at all stages. This programme was audited by the South Africa Bureau of Standards (SABS) and MTN South Africa was the first African telecommunications network to be certified as an ISO 14001 company based on ISO 14000:1996 series of International Standards for its telecommunication network (awarded on 29 July 1999). The company has also achieved ISO 9001 certification for its Quality Management System for the Network and Information Systems Groups and ISO 9002 for its Customer Services department, confirming that all its operations perform in line with stated policies, processes and procedures.

In those operations in which MTN has not yet fully implemented an EMP and achieved ISO 14001 certification, the MTN South Africa's EMP has been made available for reference. In each of these operations, the Group strives for strict compliance with relevant environmental legislation.

MTN'S ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

The MTN Group Environmental Policy commits the company to implementing a documented environmental management system (EMS) that identifies and addresses the significant environmental aspects of the Group's activities. The Group's EMP includes best practice for the building of MTN infrastructure and masts, and makes specific provision for waste minimisation, pollution prevention, energy efficiency, the use of environmentally preferred materials and the management of impacts on flora and fauna. The policy commits the Group to working in co-operation with others, including in particular our suppliers and contractors, to enhance common environmental objectives. It also commits the Group to working within the country's legislation. Every effort is made to ensure that the Group keeps ahead of legislative requirements and developments.

In cases where existing environmental law is seen to be inadequate to ensure the protection of the environment, as well as human health and safety, the appointed functions within the company will establish and implement more effective standards. Standards have been developed at Group level and are implemented throughout its operations, though they may be tailored to address local and regional-specific issues. The Group is committed to keeping abreast of international developments in environmental policy, including issues such as the regulation of electromagnetic fields.

ENVIRONMENTAL MANAGEMENT REVIEW

In terms of the Group Environmental Policy, management is committed to reviewing the EMS at least twice a year with the aim of ensuring its continued relevance and effectiveness. In addition, external auditors will verify that MTN South Africa continues to comply with ISO 14001, as well as identifying any required actions for ensuring continuous improvement.

During the current reporting period, as a result of restructuring activities, changes were made in an effort to improve performance. However, the new

lines of responsibility for environmental, health and safety performance designation were not completely finalised. The Group is committed to addressing this issue, as well as to achieving ISO 14001 certification throughout all its operations.

ENVIRONMENTAL TRAINING PROGRAMMES

The Group has documented procedures in place aimed at ensuring that employees at each relevant level have an understanding of the potential environmental impacts of their work activities and are aware of their roles and responsibilities in conforming to the requirements of the EMS. All personnel performing tasks that can cause significant environmental impacts, as well as those carrying out specialised environmental management functions, will be competent on the basis of appropriate education, training and/or experience. In addition, all relevant MTN contractors and suppliers are required to identify the training needs for their employees, agents and subcontractors, to ensure that they receive satisfactory education in the field of environmental management.

ENVIRONMENTAL PROSECUTIONS

During the reporting period, no prosecutions were brought against the Group for the contravention of any environmental laws and no fines were paid. A civil case was brought against MTN Cameroon, however, regarding alleged noise nuisance associated with a generator at an MTN base station site. MTN has followed up on this complaint with the participation of external consultants who have shown that the activity was well within international and local guidelines.

MANAGING THE ENVIRONMENTAL IMPACTS OF BASE STATION SITES

The MTN Group's network of base station sites forms the backbone of its operations, providing the basis for its telecommunications services. There are a number of important environmental issues that need to be provided for in the design, construction, location, monitoring and maintenance of all base station sites. Detailed procedures have been developed to address these issues and they form

an important element of the Group's EMS (see box on page 56).

In choosing the location of the sites to meet network demand, the Group is guided by various considerations, including suitability for providing radio coverage, the proximity of other base station sites, the proximity of electricity supply, the nature of vehicle access, visual impact and the concerns of affected landowners and other stakeholders.

ADDRESSING OUR ENVIRONMENTAL IMPACTS

The foundation of an effective EMS is the identification and prioritisation of the key environmental aspects that need to be managed. In developing the EMS for MTN South Africa, external experts were brought in to assist in developing a comprehensive register of all the environmental aspects associated with our operational and administrative activities. This comprehensive list forms the basis for the Group's internal EMS.

The MTN Group has begun work intended to standardise environmental management across all its operations. The focus of the narrative below relates primarily to the activities of MTN South Africa.

ENERGY USE

Compared with most other process-oriented industries, the MTN Group is not a high energy user. Most of its energy use is associated with the servicing of office buildings, the supply of air-conditioning to base stations and the use of diesel and petrol in network vehicles and base station site generators. The typical level of energy usage for an MTN Group operation is provided in the box on page 57.

In terms of meeting the Group policy objective relating to energy efficiency, the company is currently examining options for improving efficiencies and achieving significant cost-savings by adapting the requirements for the ambient temperature within base station site equipment container. A study has been undertaken to examine the potential for using solar and wind power at more inaccessible sites, but these were not seen to be sufficiently reliable alternatives.
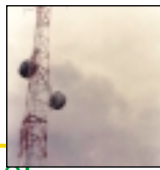
MTN'S BASE STATIONS SITES

A base station site consists of a radio transmitter and receiver, to which cellphones communicate during a call. The base station site consists of a rack of electronic equipment, a power supply and a battery for power back-up purposes. An antenna system is used for transmitting the radio signal. The following methods are used for mounting an antenna:

- **On structures (lattices, monopoles or "tree" masts):** These are typically between 8 m and 55 m tall. The taller structures allow a larger coverage area and are generally used in rural areas. In a number of instances, the Group shares structures that are owned by other utilities or networks. More than 700 structures have been shared to date. This ensures greater efficiency and minimises visual intrusion and the need for land.
- **On buildings:** Mounted on the roof or against the walls. Buildings provide convenient mounting locations in urban areas where the antenna does not need to be high above the ground.
- **Inside buildings:** Some base station sites are mounted entirely inside buildings, providing coverage in places such as shopping centres, airports and corporate headquarters.

The average area of land required for our base stations is in the region of 12 – 15 m². The Group operates 4 084 such stations in South Africa, 155 in Cameroon, 478 in Nigeria, 61 in Rwanda, 59 in Swaziland and 230 in Uganda. While most sites are leased, in a number of instances land has been purchased to house these facilities.

GROUP PROCEDURES RELATING TO BASE STATIONS SITES

Detailed procedures have been developed aimed at minimising the impact of base stations on the environment. These procedures prescribe the actions that should be taken, for example, to:

- identify the need for the new site and to specify possible alternative locations;
- evaluate and address the visual impact of the proposed mast or other structure;
- ensure that all necessary approvals are obtained and environmental impact assessments undertaken, where required;
- inform and consult with relevant stakeholders as required;
- manage and monitor the activities of contractors and suppliers during and at the end of construction;
- ensure that, once operational, each base station site is visited, at a minimum, at six monthly intervals to ensure effective maintenance in accordance with a field routine maintenance procedure;
- ensure that environmental and health and safety issues are followed during decommissioning.

The procedures regarding the design and installation of sites are followed throughout the Group. In some instances, modifications have been made to address local-specific conditions, an example being the provision for pitched roofs to deal with higher rainfall levels in countries such as Cameroon.

Various energy-saving opportunities were identified as part of the design of the new head office for the MTN Group (see case study).

The Group has not yet implemented a comprehensive monitoring, measurement and reporting programme for energy consumption throughout its operations and will address this during the next reporting period.

WATER USE

Due to the nature of the Group's activities, water use is not a critical management issue. The company's water use is limited primarily to consumption at corporate offices and to minor applications within the network operations, such as the cleaning of vehicles at several of our warehouse sites. Specific provision was, however, made in the design of the new Group head office for minimising water use.

As water use within the Group is minimal, we do not intend to implement a comprehensive monitoring, measurement and reporting programme.

MATERIALS USE

Due to the nature of the Group's core activity, the monitoring of total material flows is not seen to be a critical issue from an environmental management perspective. However, the Group is conscious of the need to ensure effective management of any hazardous materials and has procedures in place to monitor and regulate the use of certain materials such as ozone-depleting substances, asbestos, lead-based paints and batteries containing heavy metals. The Group has conducted a study to identify possible alternatives for the lead-based paint that is used on some of its masts in coastal areas, but no suitable substitute has yet been found.

An example of the volume and nature of the materials typically associated with the construction of base station sites, is presented in the attached case study relating to MTN Swaziland.

IMPACT OF NON-BIODEGRADABLE RECHARGE CARDS

The Group recognises that the unmanaged disposal of non-biodegradable recharge cards is an issue of concern and one that is being faced by cellular network operators across the world. To minimise the impact, the Group encourages clients to return the recharge cards for appropriate disposal. It recognises, however, that due to the number of subscribers, this problem needs to be addressed globally by SIM-card manufacturers and cellular companies. To alleviate the problem, MTN has developed systems to top-up airtime through the use of on-line banking services. This will result in a reduction in the number of non-biodegradable recharge cards available on the market and make a significant contribution to addressing the challenge posed by the incorrect disposal of these cards.

EMISSIONS TO AIR AND WATER

The Group's activities result in limited emissions to air or water. Its air-conditioning units follow the international industry standard and in South Africa these have been checked for compliance with requirements for the phasing out of ozone-depleting substances. A policy is in place regarding the withdrawal of disused air-conditioning units. The management of fuel consumption and related emissions from the company fleet has not been identified as a critical issue. (Note: concerns relating to RF emissions are addressed on page 47).

TYPICAL ENERGY USAGE IN AN MTN GROUP OPERATION

Base stations (all, average) – electricity	50 x 1 100 kWh/month
Other corporate offices – electricity	40 000 kWh/month
Fuel (diesel for network vehicles only)	2 500 litres/month
Fuel (diesel and petrol for all other vehicles)	2 000 litres/month
Base station generators (11 units of capacity 25 kVA)	220 litres diesel/month

The greatest potential for water contamination arises from spills and leaks from our fuel storage tanks. A number of comparatively minor incidents have occurred in the past and steps have been taken to ensure that all new facilities that have fuel storage tanks are designed to ensure containment of any accidental spillage and leakage. A number of sites are being retrofitted accordingly.

WASTE GENERATION

There are a number of waste streams associated with the Group's corporate and network activities, which it is committed to managing. In terms of office waste, the Group has policies in place aimed at promoting the recycling of toner cartridges and paper, and at ensuring the effective management of fluorescent light bulbs. It has entered into an agreement with one of the principal suppliers of mobilephones regarding the safe disposal of used mobilephone batteries of staff and clients and plans are being made to make similar arrangements with our other suppliers.

The waste emanating from the Group's network activities includes packing materials, soil and rubble associated with its construction activities and small volumes of waste oil and used filters arising from servicing generators. Effective procedures are in place to ensure management of all this waste. In all instances the waste oil and filters are removed and managed in accordance with agreed terms, by the contractors who service the generators.

PRODUCT STEWARDSHIP – RECYCLING MOBILEPHONE BATTERIES

Ensuring the appropriate management of used mobilephone batteries is becoming of increasing concern. Mobilephone batteries contain a range of hazardous substances – such as nickel cadmium, lithium-ion, nickel metal hydride and lead acids – and their inappropriate disposal could have potentially significant public health and environmental impacts. Studies indicate, for example that one kilogram of buried batteries may result in the contamination of up to 20 cubic metres of soil.

Since the introduction of communication services in South Africa nine years ago, it is estimated that more than 20 million batteries will have needed replacing. Fortunately most of these batteries are 100% recyclable. While MTN South Africa has joined forces with mobile terminal manufacturers to promote the collection and recycling of used batteries, the Group recognises that there is still insufficient motivation and/or awareness amongst consumers to return batteries for recycling.

In light of the growing emphasis internationally on extended producer responsibility and in accordance with the Group's commitment to corporate citizenship, we recognise that this is an issue that requires further action. In addition, we also recognise that the disposal of old mobile terminals needs to be managed correctly. In this regard, the Group is actively following international developments, including for example the recently launched initiative by the Secretariat of the Basel Convention to set up a pilot project in partnership with industry for the environmentally sound management of end-of-life mobile terminals.

TYPICAL MATERIALS USAGE FOR BASE STATION CONSTRUCTION

In 2002, MTN Swaziland constructed 14 new base stations, requiring the following raw material inputs (these are approximate figures):

- 550 m^3 of concrete.
- 132 tons of galvanised steel for fencing and towers.
- 6 tons of fibreglass for sheltering the transmission equipment.
- 7,5 tons of various radio-transmitting devices.
- 0,75 tons of copper cables and straps for earthing purposes.

PROVIDING FOR SUSTAINABILITY IN MTN'S INNOVATION CENTRE

In designing the new head office for the MTN Group – known as the Innovation Centre – the Group made specific provision for addressing environmental and social concerns. The building was designed using the assessment criteria and guidelines of the independently developed Sustainable Building Assessment Tool, which considers issues such as energy and water consumption, indoor air quality, the elimination of health hazards, waste minimisation and the design of an environmentally sensitive building façade and landscaping.

The new building has a number of design features that demonstrate sensitivity to environmental concerns. These include an energy-efficient façade, windows that can be opened, an efficient building shape, disabled access and the provision of energy-efficient light fittings and air-conditioning services. Demand side energy management played an important role in the design, both in terms of the nature of the electrical installations, as well as structural elements of the building design. Provision was also made for water-efficient devices and for collection and re-use of grey water. In the procurement for construction, explicit provision was made for BEE and the use of local contractors and suppliers.

What our stakeholders asked us to report on

- Policies and practices relating to siting of base stations and placement of masts
- Impact of infrastructure on communities and the natural environment
- Activities taken to recycle old phones and batteries
- Nature of activities to address non-biodegradable pre-paid cards
- Nature of activities to promote health and safety in the workplace
- Nature of activities relating to reducing impact of air-conditioning systems

OPERATIONAL PERFORMANCE

MTN Cameroon

MTN Nigeria

MTN Rwanda

MTN South Africa

MTN Swaziland

MTN Uganda

Find water, you find life

It calls you closer.

A life-giving source and sound that nourishes and relaxes

OPERATIONAL PERFORMANCE

This section of the report provides a detailed summary of the sustainability performance of each of the Group's cellular operations. It also briefly reviews some of the main country-specific concerns identified by stakeholders.

The policies and practices at each of our individual operations are informed by Group policies, while taking into account the unique environments and local conditions within which each of the businesses operate. This section provides an overview of the manner in which the Group policies are applied within each region.

Nigeria
MTN Group
Ownership	79,5%
Population	126 million
Start date	Aug 2001
Subscribers	1 037 000

Cameroon
MTN Group
Ownership	70%
Population	16,5 million
Start date	Feb 2000
Subscribers	431 000

South Africa
MTN Group
Ownership	100%
Population	45 million
Start date	June 1994
Subscribers	4 723 000

Swaziland
MTN Group
Ownership	30%
Population	1 million
Start date	July 1998
Subscribers	68 000

Uganda
MTN Group
Ownership	52%
Population	24 million
Start date	Oct 1998
Subscribers	363 000

Rwanda
MTN Group
Ownership	31%
Population	8,5 million
Start date	July 1998
Subscribers	105 000

MTN CAMEROON

MTN Cameroon recognises that as a leading private sector investor in the country it has particular responsibilities and expectations that need to be met. As part of an African company that has expressed its long-term commitment to investing in the continent, it is determined to demonstrate its permanence as a major player in the national economy of Cameroon. In addition to its significant positive contribution through job creation, infrastructure development and the provision of telecommunications, MTN Cameroon is committed to making a positive social impact by supporting efforts to combat HIV/AIDS and corruption, by promoting primary health facilities and by investing in education and sports development.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Positive turnaround from March 2002 under the new management team.
- Revenue increased by 94% to R874 million.
- EBITDA increased by 254% to R297 million.

MTN CAMEROON
For the year ended 31 March

Number of subscribers ('000)

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population   16,5 million
- Mobile penetration   5,0%

OPERATIONAL

- Pre-paid/ post-paid mix   98%: 2%
- ARPU   US$21

FINANCIALS

	2003	2002	2001
	Rm	Rm	Rm
Revenue	874	450	98
EBITDA	297	84	(18)
PAT	102	(40)	(77)

Note: Financials and data reflect 100% of operation.
MTN International's interest was 70% as at 31 March 2003 (2002: 100%). In terms of certain conditions of the disposal agreements to local Cameroon shareholders effective April 2002, 80% of MTN Cameroon's economic risk still vests with MTN International and therefore the Group's results include 80% of the results of MTN Cameroon.

- 431 000 subscribers.
- Average Revenue Per User (ARPU) of US$ 21.
- Network coverage now includes all ten provinces, with approximately 155 operational base stations.
- Construction of sophisticated new switch building in Douala.

LISTENING TO OUR STAKEHOLDERS IN CAMEROON

Stakeholders interviewed in Douala and Yaounde included senior representatives from government and the regulatory agency, business organisations, a principal client and the media, as well as beneficiaries of our corporate social investment programme:

They identified a range of issues that they expected us to report on, including in particular:

- the nature of MTN's internal and external activities on HIV/AIDS;
- plans to increase teledensity and geographic coverage;
- nature of activities to develop skills in the local IT sector;
- evidence of support for local cultural activities;
- its tariff and billing strategies;
- evidence of its commitment to investing in the region;
- progress in employing local nationals in top management;
- activities contributing to local environmental regeneration.

CORPORATE GOVERNANCE PRACTICES

The Board of MTN Cameroon comprises six permanent members, two from Cameroon and four from South Africa. The Board is supported in its activities by a Board Audit Committee and is currently in the process of establishing a Human Resources Committee. In terms of corporate governance practices, it uses the South African King Report on Corporate Governance (King II) as a best practice guideline. It has an agreed code of conduct, and has taken a strong policy of zero-tolerance for corruption, which is a dismissable offence.

CONTRIBUTING TO THE ECONOMIC DEVELOPMENT OF CAMEROON

Since commencing with operations four years ago, MTN Cameroon has had a positive impact on the development of the national telecommunications infrastructure. The company has approximately 155 operational base station sites, providing services to more than 431 000 subscribers, with network coverage now including all ten of Cameroon's provinces. Its commitment to further expanding this network and to providing services over the long term is reflected in its construction of a new state-of-the-art switch centre in Douala.

The development of the network has generated significant benefits in terms of job creation, the stimulation of entrepreneurship and the generation of public and private revenues for investment in meeting public objectives. In addition to the direct creation of employment, MTN has had significant indirect benefits through its 28 000 points of sale and the 10 000 agents who sell its services through call boxes.

MTN Cameroon's payments to government during the year amounted to R73 million (US$7 million), providing a meaningful resource to help government in the discharge of its social obligations.

INVESTING IN OUR STAFF AND BUSINESS PARTNERS

A key focus area is HIV/AIDS within the workplace. During the reporting period, MTN Cameroon implemented a number of ongoing initiatives aimed at increasing awareness amongst staff. These include a visible poster campaign and the holding of an AIDS awareness week, internal SMS and e-mail messages on HIV/AIDS, the distribution of AIDS awareness T-shirts and the hosting of guest speakers to address staff. Condoms are made available for employees. The company has been an active partner of the National Aids Committee and the business sectoral organisation GICAM in developing and committing to an agreement on managing HIV/AIDS within the workplace.

The private sector in developing countries has a particular responsibility to partner with host governments in meeting public interest goals. This responsibility extends beyond simply paying taxes. This increased responsibility arises from the constraints – such as a low tax base and poor governance practices – that are typically faced by developing country governments in meeting their public objectives.

Medical Doctor and Hospital Director – Douala, Cameroon

MTN Cameroon is committed to equity and non-discrimination in the workplace and seeks to achieve a suitable balance in gender and local regional representation in the workforce. As with all the individual MTN operations, the company is pleased with the significant progress made in localising the management and employee team through recruitment and training of Cameroon nationals. There are currently no organised trade unions in Cameroon.

MINIMISING SAFETY, HEALTH AND ENVIRONMENTAL IMPACTS

The main safety concerns for MTN employees are associated with climbing towers during routine maintenance, and road traffic accidents. To minimise any incidents, the company provides training and safety harnesses for all maintenance personnel and runs a series of courses on defensive driving. It has also installed a vehicle logging system aimed at promoting safe driving and vehicle maintenance practices.

A separate project management company undertakes the construction of facilities. As a condition of contract, it is required to comply with specific safety standards. It is regrettable, however, that during the year a contractor was fatally injured during the construction of the new switch station in Douala.

The network currently operates from approximately 155 sites, none of which is deemed to be in a particularly environmentally sensitive area. The design, installation and maintenance of sites are guided by the policies and technical documents of the MTN Group. The company maintains ongoing contact with Group developments through various technical forums and regular meetings. In terms of energy usage, it has examined energy efficiency options, primarily as a means of improving operating efficiency and reducing exposure to unreliable energy sources. It is investigating the potential for using solar energy in the north of the country for cooling purposes, though some uncertainties remain regarding technical feasibility.

CORPORATE SOCIAL INVESTMENT PROGRAMME

The company's commitment to investing in the long-term future of the region is further evidenced by the nature of its corporate social investment programme. Key elements of this programme include increasing public awareness on HIV/AIDS, investing in training and education programmes for the youth, providing support for cultural and artistic events, and sponsoring technical training programmes and forums relating to the information and telecommunications sector. During the reporting period, the company committed R5 million (US$504 872), to such projects.

The company is also the principal sponsor of the Cameroon Football Federation (Fecafoot), where it promotes the long-term development of soccer at all levels, with a particular focus on the youth. We believe that the social and developmental benefits of this support are significant, particularly as Cameroon is a country where football is a passion, but where sporting infrastructure is often lacking. Internal audit procedures are in place to ensure that all corporate social investments are effectively applied to the specific causes to which they were allocated.
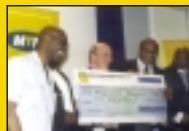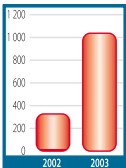
MTN NIGERIA

Since its launch on 8 August 2001, MTN Nigeria has consistently exceeded business plan forecasts for the number of subscribers. As at 31 March 2003, the company had over one million subscribers. Despite this strong performance and leadership position, its penetration of the estimated addressable GSM market in Nigeria is still limited, providing an opportunity for further growth. Some 364 local government areas, spread across 22 states, currently receive a partial or full MTN signal, accounting for an estimated 38% of the total Nigerian population of 126 million.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Revenue increased from R1 316 million to R5 361 million year on year.
- EBITDA of R2 088 million.
- Profit after tax of R1 146 million (not taking into account deferred tax asset).
- Subscriber growth to 1 037 000 subscribers at 31 March 2003 from 327 000 in March 2002.
- Average Revenue Per User (ARPU) of US$57.

MTN NIGERIA
For the year ended 31 March

Number of subscribers ('000)

1 200	
1 000	
800	
600	
400	
200	
0	
2002	2003

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population   126 million
- Mobile penetration 1,4%

OPERATIONAL

- Pre-paid/
  post-paid mix   98%: 2%
- ARPU   US$57

FINANCIALS

	2003 Rm	2002 Rm
Revenue	5 361	1 316
EBITDA	2 088	(25)
PAT	1 307	(261)

Note: Financials and data reflect 100% of operation.
MTN International's interest was 79,5% as at 31 March 2003 (2002: 77,5%).

- Official opening of the microwave radio transmission backbone.
- Providing coverage in 40 cities and towns.
- Over 478 base transceiver stations, with network coverage of 14% of the geographic area.
- Opened eighth state-of-the-art Friendship Services Centre.

LISTENING TO OUR STAKEHOLDERS IN NIGERIA

Stakeholders interviewed in Nigeria included business partners and suppliers, distributors, academics, NGOs and recipients of our corporate social investment programme. They identified a range of issues that they expected us to report on, including in particular:

- tariff and billing strategies;
- policies on corruption;
- plans to increase teledensity;
- campaigns to improve mobile phone etiquette;
- policies to minimise child labour
- progress in employing local nationals ;
- current and anticipated stakeholder engagement activities;
- policies and programmes on the health and safety of masts;
- activities to minimise litter associated with used voucher cards;
- activities to manage environmental impacts of diesel generators;
- provision of training to external stakeholders.
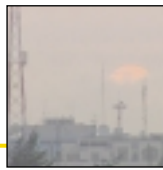
CORPORATE GOVERNANCE PRACTICES

MTN Nigeria is committed to implementing effective corporate governance practices. MTN Nigeria's Board consists of eight permanent members. The Board is supported by the Audit, Project, Credit and Management Committees in its activities.

CONTRIBUTING TO NIGERIA'S ECONOMIC DEVELOPMENT

The issue of tariffs understandably remains an area of great interest to many stakeholders. The current tariff structure in Nigeria is a function of the very high cost of doing business there, coupled with the significant capital outlay required, particularly at this early stage of operations.

When discussing the issue of tariffs, it is important to consider them in the context of the significant economic benefits that MTN's activities have had on Nigeria, in terms of direct and indirect job creation, increased government revenue and enhanced opportunities for large and small businesses. It has been estimated for example that MTN's activities may have resulted, directly and indirectly, in the creation of more than 20 000 new jobs.

Over the first few years of operation, MTN plans to invest some US$1,3 billion in building mobile communications infrastructure in Nigeria. In addition to the significant Y'helloBahn investments, we are currently deploying new base stations throughout the country at an average rate of two per day.

At the end of the financial year, MTN Nigeria had 1 037 000 subscribers, covering 14% of the geographic area of Nigeria. MTN Nigeria is in the second year of a five-year tax break and accordingly paid no corporate taxes for the year under review. Nevertheless, PAYE, VAT, levies and import duties in the region of R637 million (US$65 810), were paid in cash during the year.

COMMITTED TO HEALTH, SAFETY AND THE ENVIRONMENT

Regrettably, three contractors were fatally injured during 2002 as a result of road transport incidents. The company is firmly committed to minimising such incidents in future and has launched a comprehensive defensive driving training programme. Thus far over 200 drivers have been trained. During the year, the company also had two disabling injuries and two non-disabling incidents.

To ensure effective management of safety, health and environmental (SHE) issues, the company has recently introduced a comprehensive SHE policy and a 2003 corporate SHE plan. Compliance with the policy is mandatory for all employees and contractors. Recognising that the company's activities can have an impact on the environment, MTN Nigeria has undertaken an Environmental Impact Assessment (EIA) that will be completed soon. We are committed to implementing and maintaining an on-line EMS and to ensuring compliance with the requirements of the ISO 14000 series of international standards.

In terms of its development plans, the company foresees the installation of approximately 4 500 base station sites throughout the four eco-zones of Nigeria. Most of these will be in urban areas, with 40% – 50% mounted on rooftops. For greenfield base station sites, acquisition of land will only be considered where there are no existing structures. Procedures regulating the activities of employees and contractors have been developed aimed at ensuring suitable provision for SHE considerations during the construction, maintenance and decommissioning phases of these sites.

CORPORATE SOCIAL INVESTMENT PROGRAMME

During the reporting period, MTN Nigeria invested R3 million (US$320 000) in various corporate responsibility initiatives, focusing on sports, health programmes – with an emphasis on women, children and HIV/AIDS – youth education, as well as arts and culture.

As part of its commitment to addressing the HIV/AIDS pandemic, the company sponsored the procurement of two Cyflow machines (equipment that allows for effective diagnoses of HIV/AIDS and provides critical monitoring of patients on anti-HIV/AIDS drug therapy) to the University of Jos Teaching Hospital, Jos and the University College Hospital, Ibadan. The machines are valued at R580 000 (US$60 000).

In January 2003, the company began implementing the MTN Book Aid initiative, an intervention aimed at bridging some of the shortcomings of Nigeria's educational system. Other partners in the MTN Book Aid initiative are the Education Tax Fund and SchoolNet Nigeria, the Nigerian subsidiary of a global NGO. In this project, MTN has begun distributing wall charts on science subjects to secondary schools across the country, as well as inserting booklets on maths and science in national newspapers weekly. These booklets will later be bound into textbooks, mass printed and circulated in at least 10 000 junior secondary schools across the country. MTN has also sponsored over 20 children's events aimed at alleviating the suffering of disadvantaged youth across the country.

In November 2002, MTN revived the annual Lagos Marathon after an eight-year lull. The company spent over R8 million (US$760 000) in sponsoring the activities that led to a rebirth of this event now known as the MTN Lagos International Half Marathon. It attracted more than 12 000 participants. This forms part of MTN's programme of fostering mutual understanding and social cohesion.

> *On behalf of the AIDS Prevention Initiative in Nigeria, please accept our heartfelt thanks for your most generous and important donation. This represents an important contribution to HIV/AIDS prevention and control efforts in Nigeria.*
>
> *Professor Phylliss J Kanki, Director, AIDS Prevention Initiative in Nigeria*

MTN RWANDA
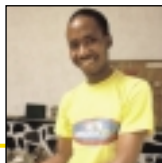
MTN Rwanda, the sole mobile operator in Rwanda, had 105 000 subscribers as at 31 March 2003. MTN Rwanda brand recognition remains high with 98% spontaneous brand awareness.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Subscriber numbers of 105 000 from 69 000 in March 2002 representing a 52% increase.
- Average Revenue Per User (ARPU) of US$27.
- Adoption of new MTN brand identity.
- Achieving coverage for all 14 major urban areas.

CORPORATE GOVERNANCE PRACTICES

The Board of MTN Rwanda consists of six non-executive directors who meet quarterly. The company has developed its own set of corporate values based on those of the MTN Group, placing emphasis on integrity and taking a strong stance against fraud and corruption.

CONTRIBUTING TO THE SOCIO-ECONOMIC DEVELOPMENT OF RWANDA

MTN's activities have had a significant positive impact on the local economy. Before MTN arrived, there were only 20 000 telephone lines in the country. At present MTN has over 105 000 customers. In terms of coverage, MTN met its licence obligations in 2000 and is now focusing on increasing teledensity throughout the country. MTN activities in the region have had significant benefits in terms of stimulating job creation and business development opportunities. The company is an important mainstay of local suppliers and provides valuable support for industry expositions, sport sponsorships and a local bus company.

Payments to government during the year amounted to R13 million (US$1,4 million), providing a meaningful resource to help government in the discharge of social obligations.

MTN RWANDA
For the year ended 31 March

Number of subscribers ('000)

	00	01	02	03

(Bar chart with vertical axis from 0 to 120)

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population — 8,5 million
- Mobile penetration — 1,2%

OPERATIONAL

- Pre-paid/post-paid mix — 97% : 3%
- ARPU — US$27

FINANCIALS

	2003 Rm	2002 Rm	2001 Rm
Revenue	280	238	111
EBITDA	130	89	42
PAT	60	34	16

Note: Financials and data reflect 100% of operation. MTN International's interest was 31% as at 31 March 2003 (2002: 31%).

LISTENING TO OUR STAKEHOLDERS IN RWANDA

Key stakeholders, including government and regulatory agencies, business partners and clients, identified the following issues for the purposes of reporting on our sustainability performance:

- the nature of MTN's ongoing activities to bridge the digital divide;
- MTN's billing strategies and possible plans to reduce tariffs;
- nature of activities to develop skills in the local IT sector;
- evidence of MTN's commitment to local personnel and materials;
- nature of activities to protect the rights of the child;
- general data on MTN's social and environmental impacts.

INVESTING IN OUR STAFF AND BUSINESS PARTNERS

MTN's commitment to investing in the region is reflected in its commitment to building capacity and skills amongst Rwandan nationals and to implementing a policy of "localisation" in its recruitment and succession policies. Currently 98,5% of its staff are Rwandan nationals. As part of its localisation programme it supports a number of Rwandan students in their training in South Africa as engineers, as well as providing them with internship opportunities.

MTN Rwanda has placed a strong focus on recruitment practices based solely on merit and appropriate skills. All staff and their immediate families are provided with medical aid and telephone benefits are extended to include staff spouses.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The company does not have any formalised management systems or employee representative committees dealing with health and safety issues. During the reporting period, there were no work-related fatalities amongst employees or contractors.

Although there is currently no formal policy in place on HIV/AIDS, the company has liaised with a number of other private sector organisations to form a dispensary where MTN staff are able to access treatment. It recognises that this is a critical issue and an area that may require more dedicated management focus.

The construction and maintenance of masts and base stations is undertaken in accordance with MTN Group standards. MTN Rwanda recognises that there are litter concerns associated with the disposal of mobile phone recharge cards and seeks to address this through the provision of dustbins at most dealerships. No initiatives have been undertaken to manage the recycling and disposal of used mobile terminals or batteries.

CORPORATE SOCIAL INVESTMENT PROGRAMME

During the reporting period, the company committed R2 million (US$232 000) to a variety of different projects. Its corporate social investment programme has moved from its initial focus on addressing emergency needs to providing support for more sustainable projects such as schools and housing, the provision of clean water, environmental initiatives and various socially-oriented sports programmes.

MTN has partnered with a local NGO in an effort to address the issue of homeless street children, a significant social problem in Rwanda, and has provided support towards environmental sanitation projects in Kigali, the construction of roads and support for orphans. MTN is also a significant sponsor of sporting activities which have an important beneficial impact on local communities.

MTN SOUTH AFRICA
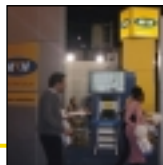
MTN South Africa is the country's second largest cellular network operator. MTN's GSM network has approximately 4 100 sites covering 19 200 km of road and 900 000 km² of land, providing access to 96% of South Africa's population.

The reporting period under review saw MTN South Africa implement a number of initiatives aimed at enhancing its contribution towards sustainable development.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Revenue increased 23% to R12 298 million.
- Total capable subscriber base grew by 22% to 4 723 000.
- Blended Average Revenue per User per month of R206.
- Implementation of temporary 1800 MHz network for the World Summit on Sustainable Development and the ICC Cricket World Cup.

- Upgraded 99% of the network to GPRS, the high-speed data evolution of GSM that enables internet access from GPRS wireless devices.
- Ongoing progress in promoting employment equity and black economic empowerment.

MTN SOUTH AFRICA
For the year ended 31 March

Number of subscribers ('000)

(bar chart showing values for years 00, 01, 02, 03 with increasing bars)

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population   45 million
- Mobile penetration   27%

OPERATIONAL
- Pre-paid/ post-paid mix   79%: 21%
- ARPU blended   R206
  pre-paid   R101
  post-paid   R607

FINANCIALS

	2003	2002	2001
	Rm	Rm	Rm
Revenue	12 298	9 982	7 870
EBITDA	3 389	3 191	2 535
PAT	1 485	1 452	1 234

Note: Financials and data reflect 100% of operation.
The MTN Group interest was 100% as at 31 March 2003 (2002: 100%).

LISTENING TO OUR STAKEHOLDERS IN SOUTH AFRICA

Government and regulatory agencies, the media, business partners and clients identified the following issues for the purposes of reporting on sustainability performance:

- corporate governance activities;
- nature of BEE initiatives;
- activities to improve customer service;
- activities to manage impacts of masts and mobile phones;
- support of education and training;
- activities to manage HIV/AIDS in the workplace;

- employment equity practices;
- implementation of Community Service Obligation;
- general data on social and environmental impacts;
- nature of stakeholder engagement activities.

CONTRIBUTING TO THE SOCIO-ECONOMIC DEVELOPMENT OF SOUTH AFRICA

During the year, MTN's activities continued to have a positive impact on the local economy. In addition to the social and economic benefits associated with the provision of mobile telecommunication services, the company also implemented specific measures aimed at improving opportunities for disadvantaged individuals and communities.

Through our procurement practices, the company continued to promote BEE, with BEE expenditure amounting to approximately R500 million over the reporting period. Where necessary and appropriate the company provided practical assistance to our suppliers to help them meet BEE criteria. In terms of bridging the digital divide, the company has gone beyond its community service obligations. In total it has installed approximately 10 000 community pay-phones in underserviced areas which in turn has stimulated entrepreneurial activity in these areas. In addition, it has greatly improved access to technological facilities through the Schools Connectivity project (see page 52).

Payments to government during the year amounted to R2 296 million providing a meaningful resource to help government in the discharge of its social obligations.

INVESTING IN OUR STAFF

During the reporting period, a number of initiatives were undertaken aimed at promoting the development and well-being of staff. In addition to customised training programmes, the company continued to provide financial assistance to all employees wishing to undertake additional study. As outlined elsewhere in this report, during the year it introduced three new management development programmes. Employee well-being continued to be promoted through the company's Talent Care programme, providing staff with access to professional counselling services and courses on key areas of interest.

CONTINUOUS IMPROVEMENT IN OUR CUSTOMER OPERATIONS

During the reporting period, a number of improvements were effected throughout the Group, which should contribute to meeting customer expectations.

- MTN South Africa opened its 808 call centre round-the-clock to service customer needs and implemented an on-demand training programme (Star Training) catering for all 808 call centre staff members.
- Through process re-engineering and streamlining, MTN South Africa has reduced query resolution from 5 days to 24 hours and has ensured more effective management of cancellation requests, resulting in an annual save rate of more than 30% of cancellations received.
- A third MTN South Africa call centre, in addition to the Gauteng and KwaZulu-Natal facilities, will come on line in Limpopo Province in the new financial year to assist subscribers to maximise their cellular service.
- A comprehensive skills training programme for customer services staff is being implemented.
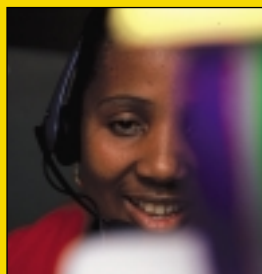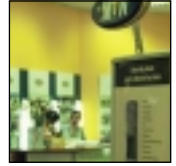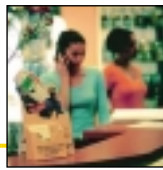
TALENT CARE PROGRAMME

At part of MTN's continuing efforts to develop employee well-being, MTN South Africa operates a talent care programme for all staff. Although the scope of the programme is currently limited to MTN's South African operations, assistance is provided to MTN's other operations as required. The key activities in the programme include:

- Providing all staff with access to a professional counselling service.
- Running courses on relevant issues (recent examples include courses on personal financial fitness and anti-hijacking measures).
- Welcoming all new employees through an induction programme.
- Administering "Club 083" which provides staff with special product discount schemes.

DIVERSITY STRATEGY WORKSHOP

On 12 and 13 September 2002, MTN held its first Diversity Strategy Workshop. Attended by 25 nominated employees, the session provided a forum for debate and discussion aimed at identifying measures for more effectively embracing the advantages of diversity in the workforce. This was the first in a series of workshops that collectively will result in the creation of a diversity strategy for the MTN Group.

EXTERNAL AWARDS FOR STAFF TRAINING ACTIVITIES

During the reporting period, MTN received various external awards for its training activities. These included a Services SETA award for MTN's outstanding contribution towards skills development, a R1 million grant received from the Skills Development Fund for MTN's Fast Track Programme and the recovery of R1 million for training from the Services SETA.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Formalised policies and procedures are in place to address health, safety and environmental issues. The company has a comprehensive Health and Safety Policy and Risk Management Process and has ISO 14001 certified EMS based on the series of international standards ISO 1400 since 1999.

During the reporting period, there were no work-related fatalities amongst employees or contractors. The construction and maintenance of masts and base stations is undertaken in accordance with MTN Group standards and applicable legislation. As described elsewhere in this report, detailed procedures are in place to manage and respond to concerns relating to the possible health effects of handsets and base stations.

During the review period, the company continued its efforts to contain HIV/AIDS, implementing a number of employee awareness initiatives and holding regular briefings for line managers on the company's comprehensive policy on HIV/AIDS (outlined on page 44). Staff and their dependants who are on the company's medical aid scheme are able to obtain anti-retroviral drugs. An important initiative during the year has been the training of approximately 60 staff members as peer educators in the main regions of Gauteng, Durban and Cape Town. Managers are also invited to briefings where they are educated on the MTN policy and informed on how best to handle HIV-related issues in the workplace. Staff who require a more specialised approach have access to the MTN Personal Well-being Programme which makes social workers and psychologists available. Managers are also encouraged to access this programme if they need assistance in dealing with HIV-positive staff.

PROMOTING EMPLOYMENT EQUITY (EE)

To assist in the effective integration of employment equity into our business system, the company established an EE Workgroup in 1999. During the reporting period, the company implemented various measures aimed at reinvigorating the activities of the Workgroup. These included clarifying roles and responsibilities throughout the company, developing an employment equity programme and providing specific training for Workgroup members. During the year, it also implemented a consultative programme with employees to ascertain perceived employment equity barriers and to propose appropriate action plans.

In South Africa, our EE target of 60% was exceeded by two percentage points. At senior management level, the ratio of 61% for Group executives and 38% for general managers is in line with targets set.

OUR CORPORATE SOCIAL INVESTMENT PROGRAMME

During the reporting period, the company invested R15 million into various social development projects relating to education, HIV/AIDS, science and technology, and arts culture and heritage. An additional R7 million was dedicated to MTN South Africa's School Connectivity project. These projects are administered by the MTN Foundation. Further details on these projects are provided on pages 50 – 52.

MANAGEMENT: DIVERSITY PROFILE

15%
26%
9%
50%
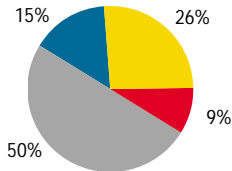
OPERATIONAL: DIVERSITY PROFILE

14%
36%
36%
19%

- % EE Male
- % EE Female
- % EE White Male
- % EE White Female
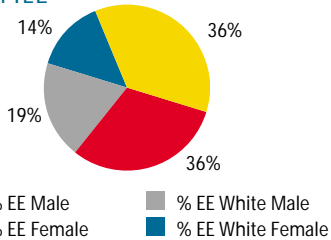
INVESTING IN SPORTING DEVELOPMENT

MTN South Africa has long been committed to developing South African sport. We believe that our sponsorships and involvement in both soccer and cricket play an important role in enhancing the lives of many South Africans. Some of our key initiatives include:

- The MTN Cup, where we have invested R6 million over three years in soccer for schools in all provinces, including a bursary scheme to encourage and promote education through sport.

- In addition to being a co-sponsor of the national Test Cricket team, MTN is the largest national sponsor of cricket development in South Africa. We have committed R54 million over a seven-year period from 1998 to 2005 to various development projects. These have included MTN Schools Cricket, in which over 100 young cricketers are sponsored, and MTN Cricket Development in which funds are provided annually to the 11 cricket unions for coaching in the townships. In addition, we sponsor the MTN Cricket Academy in Duiwelskloof, near Johannesburg, as well as various cricket clinics and the National Club Championship.

MTN SWAZILAND
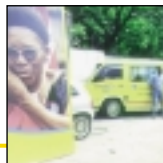
MTN Swaziland commenced operations in 2000 with a ten-year exclusive cellular licence. The company's network now covers 75% of Swaziland and 80% of the population.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Meeting licence obligations nine months ahead of schedule, currently covering 75% of the country.
- Maintained a subscriber growth of 24% to 68 000 since March 2002.
- Average Revenue Per User (ARPU) of US$21.
- Revenues increased 23% on the back of a stable network and excellent availability levels.

CORPORATE GOVERNANCE PRACTICES

The company's corporate governance practices are guided to some extent by Group requirements. It is currently finalising a Code of Ethics and plans to implement this during 2003. It has taken a strong position on bribery and corruption, which are dismissable offences.

MTN SWAZILAND
For the year ended 31 March

Number of subscribers ('000)

80		
70		
60		
50		
40		
30		
20		
10		
0		
00 01 02 03		

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population   1 million
- Mobile penetration   6,8%

OPERATIONAL

- Pre-paid/ post-paid mix   95%: 5%
- ARPU   US$21

FINANCIALS

	2003	2002	2001
	Rm	Rm	Rm
Revenue	194	158	108
EBITDA	85	72	51
PAT	39	36	25

Note: Financials and data reflect 100% of operation.
MTN International's interest was 30% as at 31 March 2003 (2002: 30%).

CONTRIBUTING TO SWAZILAND'S SOCIO-ECONOMIC DEVELOPMENT

MTN Swaziland's activities continue to make a positive impact on local economic activity. It currently has a network of more than 130 distribution outlets throughout the country. In fulfilment of the company's Universal Services Obligation, as set out in the licence, it has already installed more than 100 community payphones in remote areas throughout the country. Its procurement practices strive, as far as possible, to make use of local Swaziland-based suppliers and contractors.

LISTENING TO OUR STAKEHOLDERS IN SWAZILAND

Stakeholders identified a range of issues that they expected us to report on, including in particular:

- internal and external activities to address HIV/AIDS;
- activities to promote employee health and safety;
- nature of activities to improve customer services;
- MTN's policies on procurement, bribery and corruption;
- information on radio-frequency emissions from mobile phones;
- activities to minimise the environmental impact of base stations.

MTN Swaziland's payments to government during the year amounted to R13 million (US$1,4 million) providing a meaningful resource to help government in the discharge of its social obligations.

DEVELOPING OUR WORKFORCE

The company is committed to staff development. With the aim of enhancing the level of communication within the company, and to encourage employees to contribute to decision-making, the company is in the process of establishing a consultative forum comprising representatives of all departments and divisions.

Recognising the importance of health and safety issues, we have developed a Health and Safety Policy and established documented procedures covering issues such as training and education, fire detection, evacuation, safe working practices and incident and accident reporting. Implementation of the policy is monitored through a Safety Committee chaired by the General Manager Human Resources. No work-related fatalities have occurred since MTN Swaziland commenced activities.

DEALING WITH HIV/AIDS

MTN Swaziland has a draft policy on HIV/AIDS, which will be finalised and implemented throughout the company. The draft policy, which draws on the MTN Group Policy, provides for the establishment of an HIV/AIDS programme dealing with issues such as education and training, the use of condoms, voluntary HIV counselling and testing, and the elimination of unfair discrimination based on HIV/AIDS status. The HIV/AIDS programme will be applicable to all employees and where possible will reach out to include their dependants.

In addition to managing HIV/AIDS within the workplace, the company has joined forces with a number of NGOs as a means of addressing the concern within the broader community. External initiatives include assisting in the distribution of condoms, supporting hospices for the terminally ill and supporting awareness and education initiatives.

MANAGING THE IMPACTS OF OUR BASE STATION SITES

MTN currently operates 59 base station sites throughout Swaziland. These sites are typically located on hilltops and are not seen to have any significant impact on biodiversity. The only environmental impact relates to the minor reduction in available grazing land and the removal of trees, grass and shrubs. Where an existing tower is in a suitable location to meet the company's needs, efforts are taken to share. Internationally accepted guidelines with respect to exposure to RF levels of exposure are adhered to.

Although the company does does not have a formal policy on community consultation, it ensures that it consults community leaders before constructing base stations. Signs are displayed around the base station to inform the community of safety issues.

CORPORATE SOCIAL INVESTMENT PROGRAMME

From its inception, MTN Swaziland has operated a corporate social investment programme aimed at making a meaningful contribution towards the development of disadvantaged communities in a range of developmental areas, including social welfare, community development, sports development and the development of small and medium-sized enterprises. It has joined forces with a number of NGOs, providing financial and technical support on a range of issues. In addition to its initiatives on HIV/AIDS outlined above, it has provided financial support for water infrastructure projects, contributed to the electrification of schools and supported initiatives aimed at stimulating small scale entrepreneurship. It has also embarked on an ambitious sponsorship programme embracing the key sports disciplines, in the belief that this makes an important contribution to social development. During the reporting period, the company committed R272 000 (US$28 099) to a number of social investment.

MTN UGANDA

MTN Uganda was awarded its licence as Uganda's second national operator on April 1998 and launched full commercial service in October 1998. It provides fixed line, optic fibre, wireless local loop and GSM mobile communications to a largely under-serviced market, putting communication within the reach of the majority of the population.

Despite a more competitive telecommunications environment, which saw the introduction of a third cellular operator, MTN Uganda has managed to retain its position in a market where teledensity is just 1,7%.

PERFORMANCE HIGHLIGHTS

Highlights as at 31 March 2003:

- Helping to triple Uganda's teledensity since the launch.
- Subscriber numbers increased to 363 000, a 64% increase since March 2002.

- Being recognised as a leading corporate brand in Uganda in less than three years.
- Pioneering solar power community payphones.
- Demonstrating the company's ability to operate both fixed and mobile telecommunication services.

MTN UGANDA
For the year ended 31 March

Number of subscribers ('000)

	00	01	02	03

MARKET INFORMATION (ESTIMATES)
(31 March 2003)

- Population — 24 million
- Mobile penetration — 2,1%

OPERATIONAL

- Pre-paid/post-paid mix — 98%: 2%
- ARPU — US$28

FINANCIALS

	2003 Rm	2002 Rm	2001 Rm
Revenue	1 124	889	424
EBITDA	533	400	180
PAT	223	177	61

Note: Financials and data reflect 100% of operation.
MTN International's interest was 52% as at 31 March 2003 (2002: 52%).

LISTENING TO OUR STAKEHOLDERS IN UGANDA

Issues identified included:

- nature of activities for addressing corruption;
- activities to address the digital divide;
- MTN's plans to improve customer services;
- nature of activities for addressing HIV/AIDS;
- activities for promoting use of local suppliers;
- evidence of MTN's commitment to using local suppliers and materials;
- procedures for the siting and aesthetics of towers and for managing waste batteries and mobile terminals;

- details on MTN's profits and financial performance;
- nature of activities to maintain the security of base station sites;
- activities aimed at addressing radio-frequency emissions;
- evidence of MTN's commitment to investing in training and technology.

CORPORATE GOVERNANCE PRACTICES

MTN Uganda is committed to implementing effective corporate governance practices, using the South African King Code of Practice (King II) as the basis for governance practices. The company has taken an aggressive stance of zero tolerance of all forms of fraud, bribery and corruption, disseminating a document on this issue to all dealers, instituting internal procedures and establishing a confidential fraud line for reporting incidents of fraud.

CONTRIBUTING TO THE SOCIO-ECONOMIC DEVELOPMENT OF UGANDA

MTN's commitment to investing in Uganda for the long term is demonstrated by the nature of its ongoing investments in the region. The initial capital investment of US$40 million has increased to more than US$175 million as the company continues to expand coverage throughout the country and improve the access of Ugandans to telecommunications services. At the end of the financial year, the company had over 363 000 subscribers, with coverage of 55% of the population of Uganda. MTN has also provided over 2 500 community payphones since inception.

During the year MTN Uganda took steps towards being listed as a public company and continued to make a significant contribution to a range of social investment initiatives. It also made valuable progress towards our goal of ensuring that Ugandans hold senior management positions. Currently there are seven expatriates in senior management positions, as compared with 15 when we commenced operations.

Payments to government during the year amounted to R114 million (US$11,8 million) providing a meaningful resource to help government in the discharge of social obligations.

INVESTING IN OUR STAFF AND BUSINESS PARTNERS

MTN Uganda provides a diverse range of training for its staff at all levels, including courses in customer care, training and awareness of our technology, management development and team building, and defensive driving. Protecting the health and safety of our employees is a priority. The company instituted procedures to ensure that a rapid reaction unit is deployed in emergencies.

During the reporting period, MTN Uganda continued to develop strong partnerships with its various dealers, providing them with training and technical assistance. This included partnering One2Net and Africa Online in launching the first pay-as-you-go internet service in the country.

" MTN is an icon for successful investment in Uganda. "

Investment Executive, Uganda Investment Authority

" We would not have achieved our success without MTN – we have benefited from management and leadership skills, forecasting and planning. "

dealer for MTN Uganda

MINIMISING ENVIRONMENTAL IMPACT

To ensure that its activities and installations conform with legal requirements, MTN Uganda commissioned the Engineering Department of Makerere University to conduct environmental audits of 30 base station sites throughout the country. The audit reviewed such issues as raw material use, atmospheric emissions, water protection, solid waste, noise, transportation and their contribution to socio-economic enhancement. In compliance with Uganda's National Environmental Management Act, the company published a separate annual environmental report of our activities.

CORPORATE SOCIAL INVESTMENT PROGRAMME

MTN Uganda's commitment to investing in the company is reflected in its corporate social investment programme. During the reporting period, it committed R2 million (US$202 000) to a variety of different projects. These included housing and school projects, initiatives on HIV/AIDS, rural development and job creation, socially significant sporting activities and technical training. The company also renewed its partnership with Habitat for Humanity for another three years, in terms of which it has committed to sponsoring the construction of 20 low-cost houses annually. In addition to providing financial support, MTN Uganda employees get involved by physically participating in the construction of the houses.

Recognising the value of investing in youth, MTN Uganda sponsors a number of sporting and musical education activities aimed at former street children. The company has also renewed its commitments towards the provision of infrastructure for schools in low income communities.

> *" MTN should sensitise customers about the debate on radio frequency exposure and should be open about the possible negative effects. "*
>
> *large customer of MTN Uganda*

A hot, dry and dusty Egyptian wind, caused by the heat and dust-laden atmosphere. Local people say that this fearsome sound signals that bad weather is coming

PERFORMANCE TABLES

Note: The period under review is the financial reporting period, from 1 April 2002 – 31 March 2003

SUSTAINABILITY PERFORMANCE FOR THE MTN GROUP

Data parameter	Units	2003	2002	2001
ECONOMIC PERFORMANCE				
FINANCIAL INDICATORS (MTN GROUP)				
Revenue	Rm	19 405	12 432	8 337
EBITDA	Rm	6 217	3 626	2 659
Profit before tax	Rm	2 905	1 456	1 329
Corporate tax	Rm	687	(908)	576
Profit after tax	Rm	2 218	548	753
Adjusted headline earnings per share	cents	142,8	72,5	73,1
Dividends per share	cents	—	—	10,0
Employee payroll and benefits	Rm	964	826	631
SOCIAL (MTN GROUP)				
Total permanent staff numbers	No.	4 275		
Percentage workforce represented by independent trade union	%	0		
Percentage person-days lost to industrial action, compared to total person-days worked	%	0		
Employee work-related fatalities	No.	0		
Contractor work-related fatalities	No.	4		

KEY INDICATORS FOR INDIVIDUAL MTN OPERATIONS
(Year ending 31 March 2003)

	Units	MTN* South Africa	MTN Cameroon	MTN Nigeria	MTN Rwanda	MTN Swaziland	MTN Uganda
ECONOMIC PERFORMANCE							
Revenue	Rm	12 433	874	5 361	280	194	1 124
Local procurement (Total cost of goods, materials and services and services purchased from local/BEE suppliers)	Rm	500	382	1 609	58	6	540
Taxes paid	Rm	2 296	73	637	13	13	114
Government subsidies received	Rm	None	None	None	None	None	None
Employee payroll and benefits	Rm	712	44	164	7	6	31
Corporate social investments	Rm	22	5	3	2	**	1
SUBSCRIBERS							
Total subscribers – 31 March 2003	No.	4 723 000	431 000	1 037 000	105 000	68 000	363 000
Total subscribers – 1 April 2002	No.	3 877 000	224 000	327 000	69 000	55 000	222 000
TELEDENSITY							
Geographic coverage	%	75	5	14	40	75	35
Towns and cities	No.	1 964	72	40	25	14	120
Number of base stations	No	4 067	155	478	60	59	308
Total number of community phones	No.	7 800	N/A	N/A	N/A	100	2 500
Teledensity (Launch / Present)	Date	1994 2003	2000 2003	2001 2003	1998 2003	1998 2003	1998 2003
	%	9,5 13,5	0,6 3,7	0,4 1	0,2 1,3	3,2 8,5	0,3 1,7
SAFETY (work-related fatalities)	No.						
EMPLOYEES		0	0	0	0	0	0
CONTRACTORS		0	1	3	0	0	0
STAFF NUMBERS							
TOTAL	No.	3 451	329	1 161	143	96	330
Permanent (and local for MTN Int.)	No.	2 352	293	1 084	140	81	325
Part-time employment/contract	No.	1 016	36	77	3	15	5
GENDER DIVERSITY (PERMANENT STAFF ONLY)							
Operational	M/F	1 086 / 906	164/122	615/ 353	81/ 48	40/34	183/133
Senior Management	M/F	274 / 86	6/1	100 / 16	11 / 0	6 / 1	7 / 2
FREEDOM OF ASSOCIATION							
Trade union representation	%	0	0	0	0	0	0
Person-days lost to industrial action	%	0	0	0	0	0	0

MTN South Africa also includes amounts and statistics relating to the Group's satellite Internet operations as well as MTN International and MTN Mauritius.

**Amounts under R1 million.*

EMPLOYMENT EQUITY FIGURES
(years refer to financial reporting period)

Number (% of total)	Board members 2003	Board members 2002	Group Executives 2003	Group Executives 2002	General Managers 2003	General Managers 2002	Management and Consultant 2003	Management and Consultant 2002	General Staff 2003	General Staff 2002
Black (African, Coloured and Asian)	8 (62%)	8 (62%)	11 (61%)	7 (47%)	12 (38%)	8 (38%)	100 (32%)	99 (33%)	1 331 (67%)	1 191 (62%)
Women	2 (15%)	1 (8%)	4 (22%)	2 (13%)	8 (25%)	6 (29%)	74 (24%)	68 (23%)	906 (45%)	866 (45%)

NB: The above figures refer to the MTN Group's South African-based entities

Date	MTN Group	Male African	Male Indian	Male Coloured	Male White	Total male	Female African	Female Indian	Female Coloured	Female White	Total Female	Total	Diversity index ABC%	Designated %
31 March 2003	MTN SA Total	410	163	165	492	1 230	309	115	165	307	896	2 126	62,42	76,86
	MTN Group's South African based entities (MTN Group, MTN SA, MTN International and Strategic Investment Division)	445	181	176	558	1 360	336	130	186	340	992	2 352	61,82	76,28
31 March 2002	MTN SA Total	382	152	161	542	1 237	275	109	159	342	885	2 122	58,34	74,46
	MTN Group's South African based entities (MTN Group, MTN SA, MTN International and Strategic Investment Division)	403	160	165	571	1 299	290	116	171	365	942	2 241	58,23	74,52
Diversity Index ABC%	Stands for total number of African, Coloured and Asian employees excluding all white employees.													
Designated %	Stands for total number of African, Coloured, Asian and White female employees, these are designated employees and exclude White male employees.													

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Reporting Elements and Performance Indicators – 2002 GRI Guidelines	Status
VISION AND STRATEGY	
1.1. Statement of organisation's vision and strategy regarding its contribution to sustainable development.	√
1.2. Statement from the CEO (or equivalent senior manager) describing key elements of the report.	√
PROFILE	
2.1. Name of reporting organisation.	√
2.2. Major products and services.	√
2.3. Operational structure of the organisation.	√
2.4. Description of major divisions, operating companies, subsidiaries, and joint ventures.	√
2.5. Countries in which the organisation's operations are located.	√
2.6. Nature of ownership; legal form.	√
2.7. Nature of markets served.	√
2.8. Scale of the reporting organisation.	√
2.9. List of stakeholders, key attributes of each, and relationship to the reporting organisation.	√
2.10. Contact person(s) for the report, including e-mail and web addresses.	√
2.11. Reporting period (e.g., fiscal/calendar year) for information provided.	√
2.12. Date of most recent previous report (if any).	√
2.13. Boundaries of report.	√
2.14. Significant changes in size, structure, ownership, or products/services since previous report.	➔
2.15. Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.	X
2.16. Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	NA
2.17. Decisions not to apply GRI principles or protocols in the preparation of the report.	√

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)

Reporting Elements and Performance Indicators – 2002 GRI Guidelines	Status
PROFILE (CONTINUED)	
2.18. Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	X
2.19. Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	NA
2.20. Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability reporting.	X
2.21. Policy and current practice with regard to providing independent assurance for the full report.	√
2.22. Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	√
GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS	
3.1. Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	√
3.2. Percentage of the board of directors that are independent, non-executive directors.	√
3.3. Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.	➜
3.4. Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	➜
3.5. Linkage between executive compensation and achievement of the organisation's financial and non-financial goals.	➜
3.6. Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	X
3.7. Mission and value statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	√

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)

Reporting Elements and Performance Indicators – 2002 GRI Guidelines	Status
GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS (CONTINUED)	
3.8. Mechanisms for shareholders to provide recommendations or direction to the board of directors.	√
3.9. Basis for identification and selection of major stakeholders.	√
3.10. Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	➜
3.11. Type of information generated by stakeholder consultations.	√
3.12. Use of information resulting from stakeholder engagements.	➜
3.13. Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	X
3.14. Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	√
3.15. Principal memberships in industry and business associations, and/or national/international advocacy organisations.	√
3.16. Policies and/or systems for managing upstream and downstream impacts.	√
3.17. Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	➜
3.18. Major decisions during the reporting period regarding the location of, or changes in, operations.	➜
3.19. Programmes and procedures pertaining to economic, environmental, and social performance.	√
3.20. Status of certification pertaining to economic, environmental, and social management systems.	√
ECONOMIC PERFORMANCE INDICATORS	
EC1. Net sales.	√
EC2. Geographic breakdown of markets.	√
EC3. Cost of all goods, material, and services purchased.	√
EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.	X

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)

Reporting Elements and Performance Indicators – 2002 GRI Guidelines		Status
ECONOMIC PERFORMANCE INDICATORS (CONTINUED)		
EC5.	Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region.	√
EC6.	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.	√
EC7.	Increase/decrease in retained earnings at end of period.	√
EC8.	Total sum of taxes of all types paid broken down by country.	√
EC9.	Subsidies received broken down by country or region.	√
E10.	Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	√
ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1.	Total materials use other than water, by type.	X
EN2.	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation.	X
EN3.	Direct energy use segmented by primary source.	X
EN4.	Indirect energy use. Report on all energy used to produce and deliver energy products purchased by the reporting organisation (e.g. electricity or heat).	X
EN5.	Total water use.	N/A
EN6.	Location and size of land owned, leased, or managed in biodiversity-rich habitats.	X
EN7.	Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.	➔
EN8.	Greenhouse gas emissions.	N/A
EN9.	Use and emissions of ozone-depleting substances.	N/A
EN10.	NOx, SOx, and other significant air emissions by type.	N/A
EN11.	Total amount of waste by type and destination.	N/A
EN12.	Significant discharges to water by type.	N/A
EN13.	Significant spills of chemicals, oils, and fuels in terms of total number and total volume.	N/A

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)	
Reporting Elements and Performance Indicators – 2002 GRI Guidelines	**Status**
ENVIRONMENTAL PERFORMANCE INDICATORS (CONTINUED)	
EN14. Significant environmental impacts of principal products and services.	➜
EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.	X
EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	√
SOCIAL PERFORMANCE INDICATORS	
LABOUR PRACTICES AND DECENT WORK	
LA1. Breakdown of workforce.	√
LA2. Net employment creation and average turnover segmented by region/country.	√
LA3. Percentage of employees represented by independent trade union organisations or other bona fide employee representatives.	√
LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g. restructuring).	√
LA5. Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	X
LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	X
LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	➜
LA8. Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	√
LA9. Average hours of training per year per employee by category of employee.	➜
LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	√

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)

Reporting Elements and Performance Indicators – 2002 GRI Guidelines	Status
LABOUR PRACTICES AND DECENT WORK (CONTINUED)	
LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	√
HUMAN RIGHTS	
HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	➔
HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.	➔
HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	X
HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	➔
HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	➔
HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	➔
HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	➔
SOCIETY	
SO1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring.	√
SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	√

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (continued)

Reporting Elements and Performance Indicators – 2002 GRI Guidelines	Status
SOCIETY (CONTINUED)	
SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.	√
PRODUCT RESPONSIBILITY	
PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring.	➔
PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	➔
PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	√

CREDITS AND CONTACTS

MTN SUSTAINABLE DEVELOPMENT REPORT 2003

The MTN 2003 Sustainable Development Report has been produced and published by the MTN Group Corporate Affairs Department. The report forms part of MTN commitment to opening dialogue with its stakeholders. We welcome and encourage feedback and comments on this report.

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MTN Sustainable Development Report
Feedback Form

**We value your feedback to help us make these reports more meaningful.
Please let us know what you think about the MTN 2003 Sustainable Development Report
or our sustainability performance in general.**

What is the nature of your relationship with MTN:

MTN Employee ☐   MTN Shareholder ☐   MTN Customer ☐   MTN Supplier ☐

NGO Employee ☐   Government official ☐   Journalist ☐   Financial analyst ☐

Other (please specify)

Does this report address the sustainability issues that are of greatest interest to you?

Comprehensively ☐   Partially ☐   Not at all ☐

What additional issues would you like to see included in future reports?

What was your overall impression of the report in terms of

	Excellent	Good	Fair	Poo
1) Content	☐	☐	☐	☐
2) Design	☐	☐	☐	☐

Do you have any additional comments on the Report – or on MTN's sustainability performance in general?

☐ Please check this box if we may quote your comment in future

Your name and address (optional):

Would you like to be consulted when we prepare our next sustainability report? Yes ☐   No ☐

Would you prefer future copies of the report via the Internet rather than in print? Yes ☐   No ☐

Please forward your comments to: MTN Group Corporate Affairs

on fax : +27-(0)11 301 6516 or E-mail: sustainability @mtngroup.com