



***MTN Group Limited
Sustainability Report 2004***



MTN Group Limited Sustainability Report 2004

MTN at a glance

MTN Group Limited is a leading provider of communications services, offering cellular network access and business solutions in Africa. The Group is listed on the JSE Securities Exchange South Africa (JSE) under the Industrial – Non-cyclical services – Telecommunications sector.

As at 31 March 2004, the Group employed 6 063 staff, generated R23,9 billion in revenue and had 9,5 million subscribers across six cellular network operations.

The Group's vision is to be the leading provider of communication services.

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Front Cover Kyle Monkman celebrates his goal at the MTN Uganda sponsored Totos League in Kampala

www.mtngroup.com



MTN Rwanda and its services have become visibly integrated into Rwandan society and the economy.

About MTN's 2004 Sustainability Report

This report describes the economic, environmental and social performance of the MTN Group for the financial year ended 31 March 2004. This is the Group's second full sustainable development report, which details quantitative data on the Group's sustainability performance.

A key feature of this report is the process of dialogue that was entered into with different stakeholders across the range of the Group's activities throughout all the regions in which we provide cellular telephony. In addition to responding to the issues identified by our stakeholders – these are listed in the section starting on page 12 – the report has also been guided by the criteria contained in the 2002 Sustainability Reporting Guidelines of the Global Reporting Initiative, the King Report on Corporate Governance 2002 and the JSE Socially Responsible Investment Index.

We strongly encourage you to give feedback on this report, as well on the process that was adopted in developing it. Please use the feedback form and reply paid envelope at the back of the report for this purpose. For further information on the report, please contact:

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Message from the Group Chief Executive Officer

It is my pleasure to present the MTN Group's second comprehensive Sustainability Report. As a relatively young telecommunications company, we are proud of our acceptance onto the JSE Socially Responsible Investment ("SRI") Index in May 2004, and we continue to aim high in our quest to achieve sustainability.

In this report we present a 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 2004. We reflect on the progress that we have made against the commitments stated in the previous report, and we look ahead to the challenges and objectives of the next financial year.

Engaging with our stakeholders is a critical aspect of preparing this Sustainability Report. This process of engagement provides us with a valuable insight into stakeholder perceptions and expectations regarding our performance, as well as giving guidance on the issues they would like us to report on. Our Sustainability Report strives to maintain a balance between these identified interests, the guidelines of the Global Reporting Initiative ("GRI™"), and our business imperatives, with the aim of ensuring that what we report on is material to our business. The report also draws on criteria contained in

South Africa's King Report on Corporate Governance 2002 ("King II"), as well as in the JSE SRI Index.

The Group enhanced its profitability during this financial year, against a backdrop of challenging circumstances. The steady strengthening of the South African rand ("rand") masked to a certain extent the strong performance of our non-South African operations. As anticipated, the increasing competition in several markets in which we operate and the natural process of maturing markets, is impacting on our business growth.

Our earnings are diversifying rapidly, with over 50% of the Group's profit after tax generated outside South Africa, and over two-fifths of our staff being non-South African. This presents us with unique opportunities – as well as important 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 New Partnership for Africa's Development ("NEPAD") initiative.

The MTN Group is strongly committed to NEPAD's vision of an African Renaissance and is making an important contribution towards the achievement of

Recognition for MTN's performance

ICSA and JSE ranked MTN Group annual report best in category and first MTN Group Sustainability Report best overall (November 2003)

MTN South Africa was ranked sixth in the Financial Mail Best Company to Work For Survey (June 2003)

MTN Foundation won Arts and Culture Trust Organisation of the Year in Support of Developmental Arts and Culture (September 2003) and Business Art South Africa Award (May 2004) for its Rorke's Drift art exhibition



this vision by providing accessible communication services. Furthermore, we are careful 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. We are pleased to announce that MTN is in the process of establishing foundations in all its operations, with each operation committing up to one percent of profit after tax ("PAT") towards corporate social investment ("CSI") projects.

We are satisfied with the groundwork we have laid this year for developing a rigorous sustainability performance framework, though we recognise there are several stages ahead and years of committed effort if we are to achieve our goals. During the year, we restructured the Group to ensure closer contact between our various operations and to clarify reporting lines. Across our operations we aligned our policies and introduced standardised supportive management systems to encourage the development of a cross-cultural, seamless environment, with shared information and knowledge throughout the Group, as well as a uniform brand identity.

Sustainable development at MTN will be driven by our risk management division which, together with

our corporate affairs division, will ensure that our commitments are met. The MTN Group is an ambitious business, and has exceeded expectations of success throughout its ten years of existence. The concept of sustainable development was introduced into the core business strategy three years ago, and we aim to achieve most of our sustainability goals within the next three to five years, and look forward to reporting on our progress.

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



MTN South Africa won four Raptor Awards, including overall top award and a Grand Raptor for ICC Cricket World Cup sponsorship (October 2003)

South African Top Companies Global Awards, sponsored by PwC and Business Report, positioned MTN fourth in Africa, and 13th globally (October 2003)

The Banker Magazine (UK) Company of the Year Award in the South Africa category, sponsored by the Financial Times Group magazine (November 2003)

MTN Group was ranked South Africa's third most empowered company in the Financial Mail's first-ever Top Empowerment Companies Survey (April 2004)

Progress against previously stated commitments for sustainable development

In our 2003 sustainable development report, we committed ourselves to:

Commitments	Performance
<ul style="list-style-type: none"> Developing specific sustainability objectives and targets for the MTN Group 	<ul style="list-style-type: none"> Sustainability objectives and targets are being incorporated in our business plan, and will be significantly developed now that reporting systems are standardised across the operations. A key target that we have set is that each operation will commit up to 1% of profit after tax towards corporate social investment projects. We anticipate that in future, information on the triple-bottom line dimensions of our business will be recorded electronically and made more readily accessible throughout the Group.
<ul style="list-style-type: none"> Defining key performance indicators based on these objectives and targets 	<ul style="list-style-type: none"> The correlation between key performance indicators and sustainability targets and objectives will be further developed and formalised at all levels across the Group.
<ul style="list-style-type: none"> Implementing internal monitoring and reporting processes against these indicators 	<ul style="list-style-type: none"> Internal monitoring and reporting processes have been a focus area of development this last year, as an essential grounding for sustainability performance management. These will be further refined as the key performance indicators and sustainability targets and objectives are developed.
<ul style="list-style-type: none"> Ensuring clearly defined lines of responsibility up to Board level for sustainability performance issues 	<ul style="list-style-type: none"> The Risk Management and Corporate Governance Committee is broadly accountable for sustainability issues within the Group. The executive officer for networks in each operation is responsible for environmental performance, and the executive officer for human resources is the accounting officer for health and safety. We aim to further develop senior management accountability for sustainability performance throughout the Group led by the Risk Management division.
<ul style="list-style-type: none"> Continuing to report publicly on our sustainability performance, with consideration for the views of stakeholders 	<ul style="list-style-type: none"> This report is an important vehicle for communicating with stakeholders on recent sustainability developments. Dialogue with certain stakeholder groups has improved, and we are generally encouraged by the feedback that we received during the stakeholder process undertaken as part of this reporting process. We recognise, however, that there is scope for further communication with our subscribers and the broader communities in which we operate.

Understanding sustainable development at MTN



The Group places sustainable development at the core of company practice for sound social and business reasons. We believe that effective and proactive management of such issues helps enhance the Group's reputation in the market place, opens up exciting new business opportunities, and reduces the potential for future liabilities. This commitment to sustainability reflects our goal of excellence in all our operations and activities, and is fully compatible with the Group's goals of achieving profitability and sustained growth.

Committed to corporate citizenship

Each of our operations faces 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;
- support the African Union's vision of continental renewal through the NEPAD initiative;
- promote corporate practices that adhere to the highest ethical standards of corporate governance and are environmentally and socially responsible; and
- maintain dialogue with shareholders.

Understanding sustainable development for MTN

For MTN, sustainable development is about:

- promoting ethical responsibility and sound corporate governance practices;
- providing a safe working environment in which the health of employees is protected and their opportunities for self-development are enhanced;

- promoting cultural diversity and equity in the workplace;
- minimising adverse environmental impacts; and
- providing opportunities for social and economic development within the communities in which we operate.

A critical component of our understanding of sustainable development is our commitment to identifying and being responsive to the needs and expectations of our stakeholders. The process of stakeholder engagement that we have adopted in compiling this report – and our previous Sustainability Report – has formed an important part of this commitment. The preparation of this report has brought to light important areas for improvement, but has also highlighted our many successes in the process of sustainable development.

As outlined throughout this report, we have made valuable progress over the last year along the road to achieving a truly sustainable business model, addressing the varying needs specific to the countries in which we operate. We have aligned our Group for better interconnection between our operations with aligned policies and systems, and we have re-emphasised our commitment to a consolidated, groupwide corporate social investment programme.

We strive to establish 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. We believe that sustainable development is achieved through competition and open markets, which encourage efficiency and innovation – both key factors in sustainable economic growth. The development of our systems and operations is dedicated to these pursuits.

Executive summary

Sustainable development

- The MTN Group aims to be the leading provider of telecommunications services, and is committed to contributing to the economic, social and environmental sustainability of the communities in which it operates.
- During the review period, the MTN Group has taken important steps towards achieving its sustainability objectives. MTN has gained a clearer understanding of the challenges ahead, as well as how to overcome these. The Group aims to achieve its desired sustainability goals within three to five years.
- There is scope within the Group to develop overarching sustainability initiatives across the businesses.
- The Risk Management and Corporate Governance Committee has assumed accountability for sustainability within the Group.

Stakeholder dialogue

- The interests of all our stakeholders are integrated as far as possible into the business operation. In preparing this report, we engaged with representatives of all our key stakeholder groups in the regions in which we operate. A description of the issues raised during this process is provided under each operation.
- During the reporting period, we engaged in more regular and constructive dialogue with regulatory bodies and governments. We aim to further increase communication with subscribers and broader communities, and to develop the corporate affairs function in several of our operations.

Corporate governance

- The MTN Group fully endorses King II. The company is 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 Group Chief Executive Officer ("CEO") are separate with duties segregated.

- There are five Board committees, each with specific responsibilities and defined terms of reference. A brief description of each committee is provided on pages 62 to 66 of the Business Report. During the last year:
 - A Board Charter has been adopted which provides a clear understanding of the duties, responsibilities and liability of directors
 - A Group Tender Committee was appointed in April 2004 to adjudicate on Group wide tenders
 - A Code of Ethics has been approved by the board of directors. The code aims to ensure the highest standards of ethical behaviour throughout the Group.

Economic performance

- Positive performance was achieved against almost all the Group's set objectives, with significant increases in revenue (23%), earnings before interest, taxes, depreciation and amortisation ("EBITDA") (44%) and adjusted headline earnings per share ("HEPS") (77%).
- The international operations performed well in local currency terms, however, the strengthening of the rand did dilute this performance when converted into rand on consolidation. Interconnect and the regulatory environment continue to be closely monitored in these operations.
- It is expected that the growth of the Group's existing operations will slow down over time as a result of maturing markets.
- Whilst MTN Nigeria continues to exceed initial growth expectations, the operation remains under considerable pressure to maintain rapid network expansion throughout the country.
- Our activities continued to make a positive contribution to the local and regional economies in which we operate, through employment creation, local empowerment, the provision of telecommunications services, and the payment of taxes.



Social performance – the workplace

- Internal systems have been developed in the last year aimed at improving performance management, the collection and accessibility of data, and sharing of knowledge throughout the Group.
- The percentage of staff turnover has dropped year-on-year from 10,6% to 7,6%, which is within the Group's target rate. This improvement is attributed largely to a more rigorous approach to retaining and developing quality staff. During the year, the Group's average spend on training was 3% of payroll.
- Internal HIV/AIDS awareness-raising and preventative measures are ongoing in all our operations, albeit to a differing extent. The Group's HIV/AIDS policy has been implemented in several of the operations and is being suitably "localised" for implementation in the remaining operations.
- Clear guidelines, supported by thorough internal auditing procedures, have been laid down to reinforce the Group's policy of zero tolerance towards fraud, corruption and related issues throughout the Group.

Social performance – society

- Procurement practices in all operations are now being reviewed by the Group's procurement function. The development is also an economic efficiency initiative. Black Economic Empowerment ("BEE") expenditure by MTN South Africa during the reporting period was R647 million, compared with R500 million the previous year.
- Recognising the socio-economic benefits of bridging the digital divide in Africa, the Group continues to improve access to telecommunication services in the regions in which it operates. Installing community payphones in under-served areas is an important requirement of some of our licence agreements and, in most cases, we have exceeded our obligation. The progressive roll-out of hundreds of village community phone bureaus in our Rwanda, Uganda and Nigeria

operations is significantly boosting access to telecommunications in these rural communities.

- In recognition of its commitment to investing in the continent, the Group will establish an MTN Foundation (a separate division for corporate social investment) in each of its operations. Each operating company will commit up to one percent of PAT towards corporate social investment projects.
- During the reporting period, the total MTN Group Corporate Social Investment ("CSI") spend was R58,8 million.

Environmental performance

- Base station sites are designed and installed according to detailed environmental procedures, and are monitored and managed in accordance with internationally approved guidelines aimed at preventing any potential health effects associated with exposure to radio-frequency emissions.
- MTN Group environmental policies have been adopted by all operations and a generic environmental management system ("EMS") implemented throughout the Group.
- Developments in the last year to minimise environmental impact included the introduction of biodegradable recharge vouchers in all our operations, and the environmentally-benign disposal of waste oil and filters from base stations.
- Operational risk assessments at all base station sites reflect a consistent improvement in performance in all operations, and compare favourably with international industry standards.
- The executive officer for networks in each operation is responsible for environmental performance as well as health and safety issues. MTN recognises that there is scope for developing senior management accountability for environmental performance 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.

Glossary of terms and acronyms

AIDS	Acquired Immune Deficiency Syndrome	IT	Information technology
ARPU	Average revenue per user	ITU	International Telecommunications Union
BASA	Business Day's Business and Arts Awards	JSE	JSE Securities Exchange South Africa
BEE	Black Economic Empowerment	JSE SRI Index	JSE Socially Responsible Investment Index
BSC	Base station controller	King II	King Report on Corporate Governance 2002
BTS	Base transceiver station	MIS	Management information system
Capable subscribers	Subscribers who have been active within a three-month period	MTN Cameroon	Mobile Telephone Networks Cameroon Limited
CEO	Chief Executive Officer	MTN Network Operator	Mobile Telephone Networks (Proprietary) Limited
CPI	Consumer Price Index	MTN Nigeria	MTN Nigeria Communications Limited
CSI	Corporate Social Investment	MTN Rwanda	Rwandacell S.A.R.L
CRM	Customer relationship management	MTN Service Provider	MTN Service Provider (Proprietary) Limited
CSR	Corporate Social Responsibility	MTN Swaziland	Swazi MTN Limited
EBITDA	Earnings before interest, taxes, depreciation and amortisation	MTN Uganda	MTN Uganda Limited
EE	Employment equity	MOU	Minutes of use
EMF	Electromagnetic frequency	NEPAD	New Partnership for Africa's Development
EMP	Environmental management programme	NCC	Nigerian Communication Commission
EMS	Environmental management system	NGO	Non-governmental organisation
EIA	Environmental impact assessment	PAT	Profit after tax
FECAFOOT	Cameroon Football Federation	PAYE	Pay as you earn
GAAP	Generally Accepted Accounting Practice	Post-paid	Subscribers who have a contract
GDP	Gross domestic product	Pre-paid	Subscribers without a contract who purchase pre-paid vouchers
GPRS	General Packet Radio Service	Rand	South African rand
GSM	Global System for Mobile Communications	RCMP	Risk control management process
GRI™	The Global Reporting Initiative	RF	Radio-frequency
HEPS	Headline earnings per share	SETA	Sector Education and Training Authority
HIV	Human Immunodeficiency Virus	SHE	Safety, Health and Environment
HSCSD	High speed circuit switched data	SIM	Subscriber identity module controlling access to GSM network
IAS	International Accounting Standards	SME	Small medium enterprise
ICASA	Independent Communications Authority of South Africa	SMS	Short message service
ICSA	Institute of Chartered Secretaries and Administrators	SNO	Second National Operator
ICNIRP	International Commission for Non-ionising Radiation Protection	SRI	Socially Responsible Investment Index
ICT	Information and communication technology	Total energy used	Energy from electricity purchased plus energy from fossil fuels consumed
IP	Internet protocol	UNEMA	Uganda National Environmental Management Act
ISETT	Information Systems, Electronics and Telecommunications Technologies	VAS	Value added services
ISO	International Organisation for Standardisation	VAT	Value added tax
		VPN	Virtual private network
		WAP	Wireless application protocol
		WHO	World Health Organisation

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Stakeholder engagement

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<i>Corporate governance and risk management</i>	15

For MTN, sustainable development is about:

- *promoting ethical responsibility and sound corporate governance practices;*
- *providing a safe working environment in which the health of employees is protected and their opportunities for self-development are enhanced;*
- *promoting cultural diversity and equity in the workplace;*
- *minimising adverse environmental impacts; and*
- *providing opportunities for social and economic development within the communities in which we operate.*

South Africa, Limpopo. Malabosane High School's partnership with MTN will see a number of schoolchildren, teachers and members of the community sign up for computer literacy classes in the coming year.



Stakeholder engagement *continued*

Managing stakeholder relations at MTN

During the year, our discourse with regulatory, government and industry bodies has improved. Through our corporate social investment initiatives, we have been able to improve our interface with a growing number of communities, and have consolidated excellent partnerships for our social investment programmes. The Group's operations in South Africa, Cameroon and Nigeria have structured programmes in place to address stakeholder concerns. MTN recognises that there is scope for further communication with its subscribers and with the broader communities in all its operations. The Group will be augmenting the corporate affairs function in each operation to ensure that it is sufficiently developed as a channel for effective communication with media groups and stakeholders.

We maintain that what is not measured cannot be managed. We therefore conduct an annual independent corporate reputation audit throughout the MTN Group, to objectively measure stakeholder perceptions (see page 12 and 13).



Consulting our stakeholders





Regulators

This refers to the independent public regulatory agencies responsible for administering our licence conditions in our countries of operation.

Communities, public interest groups and the media

The communities in which we operate and the relevant public interest groups and media bodies that maintain an interest in our operations and activities.

Shareholders

These include our strategic as well as institutional shareholders based in South Africa and internationally. In addition to these principal shareholders, there are distinct locally-based shareholders for each of the operations where we do not own 100% of the operations and/or where we have entered into joint ventures.

Government

These include the executive, legislative and public administrative agencies with whom we have dealings in each of the countries in which we operate.

Customers

We have more than 9,5 million subscribers who rely on our services throughout Africa, and internationally through our roaming facilities.

Business partners

These include all our suppliers and contractors, the business sectoral associations with whom we work, as well as the various competitors in each country.

Stakeholder engagement *continued*

Identifying stakeholder interests

Each MTN operation identified between 15 and 30 individuals or groups of people to be formally interviewed by an external team in the presence of an MTN representative. Stakeholders were asked to comment candidly on MTN and its activities, examining such issues as company reputation, long-term commitment to the country, corporate citizenship and socio-economic impact. Stakeholders were asked 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.

In addition, informal interviews were conducted in each country with between 30 and 50 individuals, typically in market areas, shops, on sidewalks and in rural areas. Interviewees who owned a cellphone were asked which service provider they were connected to, and to comment on the quality of service. All interviewees were asked to comment on MTN's reputation, the company's effectiveness as a corporate citizen, and how it could improve its performance.

The key interests raised by these stakeholders during this process are summarised in the detailed stakeholder text boxes.

Employees

- Policies to prevent fraud and corruption
- Activities to standardise procedures throughout the Group
- Future plans regarding the management of tariffs
- Employee career development and job security
- Plans to improve customer service
- Promotion of ethnic diversity
- Policies and practices on HIV/AIDS
- Policies to ensure staff retention
- Recycling initiatives

Customers

- Plans to reduce tariffs
- Plans to improve quality and reliability of the networks
- MTN expansion in Africa
- Support for local suppliers
- Social investment activities, notably HIV/AIDS awareness, and education
- Employment of local nationals
- Evidence of commitment to long-term investment in the country



Regulators

- Reporting against GRI criteria and details of sustainability objectives and targets
- Structure and composition of Board and Board representation for sustainability
- Stakeholder engagement process
- Policy on executive remuneration
- MTN's financial performance
- Activities to alleviate poverty and promote employment generation, especially amongst women
- Provision for local empowerment and SMEs in procurement
- Nature of activities for promoting education, particularly in science and mathematics
- Plans for sharing masts with competitors, particularly in sensitive areas

Government officials

- Nature of the Board, its activities and accountability for sustainability
- Addressing HIV/AIDS in the workplace
- Activities to alleviate poverty and promote employment generation especially amongst women
- Providing training in the ICT sector
- Replacing expatriates with local people
- Efficiency initiatives and recycling activities
- Management of electronic waste and recycling initiatives

Shareholders

- Activities for ensuring sound corporate governance
- Policies and procedures for preventing fraud and corruption
- Performance against GRI criteria
- Customer satisfaction measures
- Comparison of tariff structures with other emerging markets
- Nature of staff shareholder schemes
- Performance against employment equity targets, and BEE activities
- Management of possible health impact of radio-frequency
- Activities to foster ethical values amongst workforce
- Corporate social investment programme activities
- Level of sponsorship to address HIV/AIDS

Community stakeholders, special interest groups and media

- Executive remuneration and bonuses
- Plans to reduce tariffs
- Policies against bribery and corruption
- Corporate governance structures and policies
- Contribution to NEPAD
- Activities for employees, families and external communities relating to HIV/AIDS
- Expansion into rural areas
- Health and safety in the workplace
- Social protection plans for employees
- Corporate social investment initiatives
- Partnerships with NGOs for socio-economic development projects
- Plans to improve customer service

Stakeholder engagement *continued*

Corporate reputation audit

MTN annually commissions a reputation audit throughout the Group to gain insight into stakeholder perceptions and to enable an effective response to such perceptions.

A key focus of the exercise is to identify and assess those areas of interaction that influence MTN's reputation, examining issues such as industry leadership, product/service quality, employee relationships, management quality, social performance, and community involvement activities. The four main objectives of the audit are to assess the reputation of MTN, determine how reputation influences behavioural support among stakeholders, understand what drives stakeholders' perceptions of MTN, and assess the effectiveness of MTN's communication activities. The audit also provides valuable insight into how perceptions of the Group's activities compare with those of other local and international companies, including telecommunications operators.

Stakeholder groups involved include government and regulatory bodies, investors, suppliers, fund managers and analysts, NGOs, the media, other companies, customers and employees. In the 2003 – 2004 audit, non-customers of MTN were included to identify any reputational issues that could impact on the Group in future. The sample group for the audit increased from almost 2 000 in the first year to over 2 500 in the 2003 – 2004 financial year. The interviews were conducted in October with individuals from South Africa, Nigeria, Cameroon, Uganda, Rwanda and Swaziland.

A year-on-year comparison between the current and prior financial year's results provides critical insight into where our performance is improving or slipping. The research findings are closely examined by the CEOs of each operation, and play an important role in determining key personal indicators in employee assessments. The Board has set a target for each operation to improve its indicators by two percent in the corporate reputation audit index, every year.



Stakeholders forum held at Muson Centre, Lagos in March 2004.

Corporate governance and risk management



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

The following section provides a summary of pertinent corporate governance activities within the MTN Group. A more detailed account of the Group's corporate governance philosophy, the composition of the Board of Directors, Board structures and risk management activities, is available in the corporate governance and risk management report in MTN's complementary business report, available electronically at www.mtngroup.com.

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.

In line with the Group's drive to align structures across its operations, steps have been taken during the reporting period to integrate a standard risk management practice throughout the Group, with the aim of making the process more effective and sustainable. This will ensure that risks are identified and addressed at the appropriate level, and that

mitigation strategies are followed. The drive is for each division to examine all relevant risks and to identify which risks can be managed within the company, and which are strategic risks to be reported to the Group structure. It is anticipated that strategic level risk management procedures will be in place throughout the Group by July 2004, and that the Group will be able to extend the process to business level risk management by the middle of 2005. This development will ensure more consolidated internal monitoring and reporting practices relating to health, safety and environmental risk management.

Code of Ethics

The MTN Group Board has approved a Code of Ethics that promotes the highest standards of ethical behaviour among directors, management and employees. The Code provides a clear guide to the conduct expected of all MTN Group representatives, including reference to compliance with laws and regulations, relationships with clients, suppliers and customers, and the declaration of gifts. The Code provides a clear definition of what constitutes unacceptable behaviour.

Prevention of fraud and corruption

The Group takes an unequivocal position against fraud and corruption throughout all its operations. Clear guidelines have been laid down on this issue, and any breach is treated as a dismissible offence. Group policies are supported by internal auditing procedures, as well as by facilities enabling employees to disclose malpractices.

Corporate governance and risk management *continued*

Political support

The Group encourages the personal participation of its employees in democratic electoral processes and respects their right to absolute privacy in their personal political activity. In accordance with our commitment to upholding good corporate

governance practices, we are happy to disclose that we made donations to the value of R6,2 million to political parties represented in the South African Parliament during the 2004 election campaign. These payments were made in support of democratic consolidation.

MTN Group Code of Ethics

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. The MTN Group Code of Ethics ("the Code") is intended to raise and maintain ethical awareness and to act as a guide to staff in all facets of daily decision-making. It contains ethical guidelines for everyday events that occur in business. The moral guidelines and essential principles as contained in the Code apply equally to all those who form part of and interact with the Group. A few of the major issues addressed by the Code are listed below.

- *The Code provides guidance on a range of conflicts of interests, such as outside activities, employment and directorships, relationships with clients, customers and suppliers, giving or receiving gifts, hospitality and favours as well as personal investments.*
- *The Group's employment equity policy is described in the Code as a system of opportunity for all that seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job. It is a policy that emphasises opportunity for all rather than preference for some.*
- *The Code also commits the Group to developing operating policies to address the environmental impact of its business activities by integrating pollution control, waste management and rehabilitation activities into operating procedures.*
- *In terms of political support, the Code states that the Group encourages the personal participation of its employees in the political process and respects their right to absolute privacy with regard to personal political activity. The Group will not attempt to influence any such activity provided there is no disruption to workplace activities and it does not contribute to industrial unrest.*
- *The Code also addresses proper use of the Group's funds and property, records, dealings with outside persons and organisations, as well as privacy and confidentiality.*
- *It is stated clearly that contravention of the Code may result in disciplinary action, including the termination of employment. Certain breaches of the Code could also result in civil or criminal proceedings.*

*MTN Group Limited
Sustainability Report 2004*



Performance review

<i>Economic performance</i>	18
<i>Social performance</i>	23
<i>Environmental performance</i>	32

This section of the report reviews the Group's sustainability performance – economic, social and environmental.



MTN SA, Innovation Centre work space.

Economic performance

As a leading provider of cellular telecommunications – one of the fastest growing industry sectors – the MTN Group has assumed a prominent role as an engine for economic growth in thousands of communities on the continent. An assessment of the economic dimension of the MTN Group's corporate sustainability performance includes an appraisal of the company's financial performance, as well as a consideration of the broader economic impacts – positive and negative, direct and indirect – that its activities have on the full range of stakeholders and on the economic systems in which it operates.

Financial highlights

During the review period, the Group continued to demonstrate positive performance against most of its set objectives and targets. The following performance highlights were achieved during the 2004 financial year:

- Group revenue increase of 23% to R23,9 billion
- Total subscriber base of 9,5 million, up by 42% since 31 March 2003
- 77% increase in adjusted headline earnings per share
- EBITDA increase of 44% to R9,0 billion
- PAT of R4,3 billion
- R5 billion invested in capital expenditure programme

Maintaining sustainable business growth

As a business, the MTN Group's primary responsibility is to create value for its shareholders and investors by ensuring that its business is sustainable.

The Group has sustained its profitability, largely spurred by the sustained positive performance of

MTN South Africa, MTN Nigeria and MTN Cameroon. The international operations performed well in increasingly competitive markets, however, their contribution was diluted as a result of a steadily strengthening rand.

MTN South Africa successfully arrested declining EBITDA margins through tight control of costs and increasing subscribers in both the post-paid and pre-paid market segments.

MTN Nigeria has invested in excess of US\$496 million in capital infrastructure in the country during the year under review. The development of the country's first nationwide transmission backbone is an invaluable enabler of economic growth, significantly improving the country's prospects as an investment destination.

A 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

Return to shareholders

During the year, Group adjusted HEPS reached 253,1 cents, an increase of 77% on the last financial year. After a thorough review of the Group's prospects and financial forecasts as well as free cash generation by MTN South Africa, the Board of Directors recommended the reinstatement of a conservative dividend policy with a cover ratio on adjusted headline earnings of approximately six times. This will allow the Group to retain cash to fund potential value enhancing expansion opportunities. A final cash dividend of 41 cents per share was declared, amounting to R680 million.



Future challenges

The unpredictability of markets and currency exchange rates is an ongoing challenge for the Group. In addition, the rate of growth for the Group's existing operations is expected to slow down over time, given the maturing and progressive developments within markets, coupled with the larger operating base.

MTN Nigeria faces a delicate challenge in managing stakeholder expectations with the extremely high demand for network expansion throughout the country. The profits generated by the company are fully reinvested in network roll-out and meeting the high capital outlay costs required for further infrastructure development.

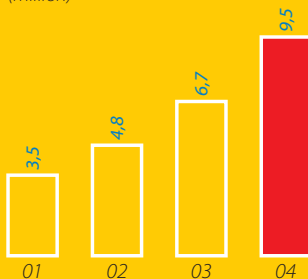
Contributing to regional economic development

The positive impact of our activities is demonstrated in creating direct and indirect employment, stimulating entrepreneurship, boosting supply chains and uplifting communities through the supply of telecommunications services, as well as the development of skills for employees at all levels and the payment of taxes and other revenues to governments.

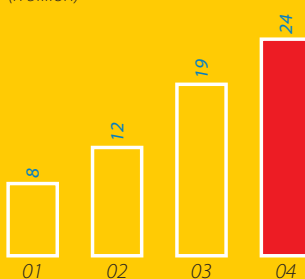
Some of the benefits associated with our activities, from a quantitative financial perspective, are recognised in the levels of payments to employees, suppliers and contractors and the distribution of value added (the difference between revenues and expenses) to our providers of capital and to the public sector.

The Group continued to demonstrate positive performance against its objectives and targets

Subscribers
(million)



Group revenue
(R billion)



Economic performance *continued*

Payments to employees

During the 2004 financial year, the total payroll, for the Group, including benefits and employees tax, was R1,1 billion. The total number of staff members, as at 31 March 2004, was 6 063. Of these, 4 598 were permanent.

Payments to suppliers

The MTN Group provides business for a wide array of suppliers throughout Africa and internationally.

Its procurement includes technical products – such as mobile-phone handsets, SIM cards 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 to stimulate local economic development as far as possible in its other areas of operation. During the reporting period, the total cost of all goods, materials

MTN South Africa secures subscriber growth through innovation

MTN South Africa has maintained solid subscriber growth in recent months through the introduction of innovative, cost-effective mobile communication solutions. In August 2003, it launched a range of contract service options to suit different subscriber lifestyles and spending patterns.



- *MyChoice TopUp is a world-first for the cellular industry – a hybrid contract and pre-paid service where the subscriber takes out a contract based on rand value instead of minutes. The value can be used up on any service, including calls and local and international SMSs. If the preset rand value is exceeded, the subscriber buys a pre-paid voucher to top up the service.*
- *MyChoice 75, 150 or 300 contracts are geared towards subscribers looking for assorted monthly values and flexibility in their tariff plans. The value bundles can be used for multiple services including voice, data, SMS and international roaming, and come standard with per-second billing after the first minute. All MyChoice subscribers qualify for subsidised phone handsets.*

MTN supporting SMEs



MTN is continuously investigating new ways to assist small businesses, and developing appropriate applications. During the reporting period, MTN introduced several services to the South African market that are designed to help small businesses save time, increase productivity and generate more business while on the move.

- *Mobile Credit is a service that turns a cellular phone into a point-of-sale device for processing credit card and cheque payments. This service has the support of South Africa's major banks, and is accessed telephonically via the MTN menu option on a cellphone, or by connecting to the internet.*
- *MTN CorporateMobility is a service that enables mobile users to connect to their company network and access information from business applications while on the move. The service offers reverse billing, which means that instead of data used on individual accounts being charged at consumer tariffs, the data is collectively billed back to the company at corporate tariffs. The company receives a consolidated bill for all business data at the lowest data rate available in the South African market.*
- *Bulk SMS allows for one message to be sent to any number of recipients at the same time. This introduces an easy and cost-effective way for a business to communicate with a wide subscriber base.*

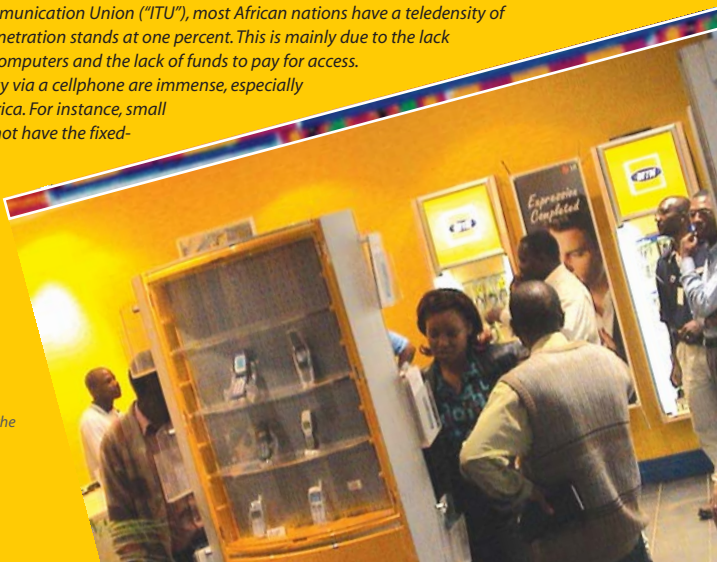
Cellphone solution for internet access

The MTN Group is poised to make access to the internet via cellphones a practical option. MTN South Africa's business division, Airborn, has developed new technology that enables computer or laptop owners to connect to the internet by using a cellphone as a modem. Software included in the package is designed to boost the access speed.

According to the International Telecommunication Union ("ITU"), most African nations have a teledensity of less than five percent, while internet penetration stands at one percent. This is mainly due to the lack of fixed-line infrastructure, the lack of computers and the lack of funds to pay for access.

The implications of wireless connectivity via a cellphone are immense, especially for companies and entrepreneurs in Africa. For instance, small businesses that use computers but do not have the fixed-line services to link them would be able to transmit data between branches.

The system could also let entrepreneurs set up internet cafés in rural areas where there are no landlines.



Newly launched MTN dealership in the Bhunu Mall, Mbabane, Swaziland.

Economic performance *continued*

and services purchased throughout the Group was R11,8 billion.

Payments to the public sector

In the course of the 2004 financial year, the Group paid a total of R3,2 billion in taxes to the various governments in the countries in which it operates. This included the payment of corporate income tax, sales taxes, taxes on dividends and employee income tax, as well as licence fees.

Understanding MTN's tariffs

The nature of MTN's tariff structure is an area of interest to some of our stakeholders. In this regard it is important to note that tariff increases are approved by regulators in all operations, in the case of South Africa, by ICASA.

In South Africa, tariff increases are guided by the Consumer Price Index ("CPI"). As a general practice,

MTN has kept tariff increases considerably below the CPI. Tariff adjustments are influenced by a variety of factors, including the required capital investments, international benchmarks of quality and coverage, regulatory factors and the impact of macro-economic conditions.

Capital investment

The Group continues to invest heavily in the expansion of its younger operations. In the last financial year, it spent more than R5 billion as part of its capital expenditure programme. R9,5 billion has been committed for capital expenditure for 2005. The Group continues to explore opportunities for new operations throughout the continent in line with its long-term commitment to the socio-economic development of Africa and its vision of being the leading provider of communication services on the continent.



Curtailing computer theft

MTN has introduced a security solution to curtail the theft of computers, laptops and other technical equipment. An alarm controller device developed by Cellsecure is combined with MTN's cellular network to provide an effective anti-theft solution. The product is called Cellsecure E45 Seismic SMS Communicator and consists of a small control panel, a seismic motion detector and a small remote control. The seismic detector is magnetically attached to the object. When the object is moved, a motion detector sends a message to a control panel that can communicate with up to 45 seismic motion detectors within an office environment. The control panel then sends an alert SMS to up to five cellphones or GSM modems attached to a control room PC.

Brian Seligman, MTN South Africa Product and Services Senior Manager at the launch of the Cellsecure E45 Seismic SMS Communicator.

Social performance



This section of the report reviews the Group's performance and activities in the workplace, before examining the impact of some of its broader activities on society in general.

Employees

The Group recognises that its employees are critical to the success and growth of the business, and are a leading source of innovation and competitive advantage. It strives to provide a productive, equitable and safe working environment that attracts and retains quality employees.

Employee demographics and staff turnover

At the end of the 2004 financial year, MTN had 4 844 permanent employees, 963 temporary and 256 contract employees. Approximately 80% of the total workforce comprised permanent full-time appointments, 16% temporary employees and four percent contractors. The percentage of permanent staff turnover for the year was 7,6%. The industry average for companies performing in the top quartile globally is 9,8%. The current MTN figure represents a significant decrease in staff turnover on the previous year's 10,6%, and is attributed largely to a more rigorous approach to retaining and developing quality staff.

Employee training and development

The Group recognises the strategic importance of employee training and development in contributing to MTN's growth strategy. Individual career development paths are identified and a succession planning process is reviewed quarterly. An average of three percent of payroll cost is spent on training by each operation.

MTN's contribution to employee training has been acknowledged by the relevant South African Sector Education and Training Authority ("SETA"). The company is provisionally accredited by the Services SETA until March 2005 as a Workplace Training provider of Customer Services Training.

The Information Systems, Electronics and Telecommunications Technologies ("ISETT") SETA granted MTN South Africa R1,7 million (discretionary funding) in December 2003 for the successful implementation of Fast Track Programme in its Network Group department. MTN has a seat on the ISETT SETA Board, and is a member of the Telecommunications Skills Development Forum.

The Group places high value on leadership development, offering management development programmes aimed at developing the skills and knowledge of managers at different stages of their careers. A broad range of technological skills development courses are also provided to staff at various levels.

In South Africa, MTN has, over the last two years, successfully recovered 60% of the skills levy available for recovery.

Promoting equity, diversity and non-discrimination

The Group is committed to employment equity and local skills development. All the Group's operations are required to encourage the advancement of black and female managers. The Group is also committed to a programme of "localisation" throughout its non-South African operations, with the aim of ensuring as far as practicable that management comprises local nationals rather than expatriates. The Group's South African operation complies fully with the Employ-

Social performance *continued*

ment Equity ("EE") Act of 1998. All the legally-required reports relating to employment equity plans, targets and progress have been submitted. As outlined in the table below, steady progress was made during the year in meeting employment equity targets.

Non-discrimination

The Group's Code of Ethics recognises the right of all employees to work in an environment that is free from any form of harassment or unlawful discrimination on grounds of 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. The Group is committed to the principles of freedom of association and collective bargaining, and to ensuring that an approach of consistent dialogue with employees is maintained. During the reporting period, there were no instances of strike action within our workforce. Policies and procedures to inform and consult employees regarding restructuring are in place.

Employee performance management

The Group believes strongly in a performance-based culture and seeks to identify, develop and reward employees who deliver outstanding performance. To ensure a consistent employee appraisal, recognition and remuneration practice across the Group, a standardised performance management system has been implemented in each operation. Key performance indicators are identified for every member of staff, with performance evaluations 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.

The Group is poised for a significant improvement in its performance management. It has implemented a Management Information System ("MIS") connecting all operations with the same technology and software to form a central database repository, into which monthly updates of information on all

Employment Equity performance

MTN South Africa	EE	White	% EE	% White	Total	EE target
Group executives	9	8	52,94	47,06	17	
General managers	16	21	43,24	56,76	37	
Manager/senior manager/ Senior consultant/consultant	106	198	34,87	65,13	304	
Total (Management)	131	227	36,59	63,41	358	33,12
Supervisor/team leader/advisor	516	416	55,36	44,64	932	
General staff	799	197	80,22	19,78	996	
Total (staff)	1 315	613	68,21	31,79	1 928	64,46
Total (MTN Group)	1 446	840	63,25	36,75	2 286	63,84



business and sustainability indicators will be entered. MIS will facilitate the clear setting and tracking of targets and improve efficiencies in the Group. The timeous tracking of relevant information will form part of key personal indicators and is intended to motivate staff to meet targets. The MIS will be activated in July 2004.

MTN Group annual global leadership conference

During the review period, the Group held its second annual leadership conference. The two-day *Breakthrough Leadership for Growth* conference is an important annual platform to establish a common perspective among top management and clarify the Group's goals and strategies. A more significant contingent of management from the non-South African operations was able to participate in this year's conference, and this will be further encouraged next year.

Employee shareholder scheme

The Group has two share incentive schemes for staff and management in South Africa. The Group is committed to exploring ways of ensuring that employees in all other operating units are incentivised in line with the value created for MTN Group shareholders.

Occupational safety and health

In the last financial year, the Group separated the lines of responsibility for health and safety management from those for environmental management. There has also been a move to introduce standard health and safety policies and procedures in all operations. The Group has a health and safety manual, which is informed by the Group health and safety policy. The manual contains a



Phuthuma Nhleko opening the 2004 MTN global annual leadership conference "Breakthrough Leadership for Growth".

detailed set of procedures and standards – that may be tailored to address regional-specific circumstances – aimed at supporting a structured risk control management process ("RCMP") in each of its operations. The RCMP is based on ten key elements, including 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 road accidents and with working on towers during routine maintenance of base stations. 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, MTN 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. An annual refresher course in tower safety is conducted in all operations.

Social performance *continued*

Addressing HIV/AIDS in the workplace

The advance of the HIV/AIDS epidemic throughout Africa is one of the most significant business and humanitarian issues facing companies operating in Africa. According to the United Nations' sub-Saharan regional HIV/AIDS statistics, there were 3,4 million new infections in 2003, and 28,2 million adults and children living with AIDS. Recognising the potential effect of the disease on employees and potential markets, MTN is committed to addressing this issue in a structured manner. It will progressively extend the scope of its efforts and allocation of resources – human and financial – aimed at preventing HIV/AIDS in the workplace, as well as in the broader communities in its areas of operation.

The Group has a comprehensive HIV/AIDS policy implemented in its South African, Nigerian and Ugandan operations. This is disseminated widely through management briefing sessions, induction training and internal workshops. The policy is being adapted in the other operations – to take into consideration local circumstances and cultural sensitivities – before being implemented and communicated to staff. Internal awareness programmes and support structures are available to varying degrees in each of the operations. These include informative posters and e-mails, education through industrial theatre, articles in staff magazines and sending SMSs to staff, particularly on dedicated occasions such as World AIDS Day. The Group supplies condoms at most sites and in most of its operations.

MTN in the community

In addition to striving to provide a productive, equitable and safe working environment, MTN is committed to ensuring effective management of the

social impacts of its activities on the communities in which it operates. By the very nature of its operations – as a provider of telecommunications services – MTN makes an important direct contribution to socio-economic development. Over and above this direct impact, the Group has the potential to make a positive impact through its procurement practices, by implementing responsible community health and safety initiatives, and through its CSI programme.

Socially-responsible procurement and black economic empowerment

MTN recognises the potential to facilitate the achievement of desirable social objectives – such as BEE and local economic development – by including these objectives as an element of its procurement practices. This issue is particularly relevant in our South African operations where the Group is committed to using its influence in a constructive manner to address some of the social and economic inequalities of the past.

During the reporting year, the Group became more stringent regarding the BEE requirements expected of contractors in South Africa. In instances where the Group's BEE standards are not met, a BEE clause is inserted in the contract and monitored quarterly. If no improvement is shown, the contractor is required to step down. On certain special contracts, companies are monitored quarterly to ensure compliance. During this reporting period, a greater number of BEE information and communication technology ("ICT") suppliers were engaged. MTN policy indicators are predominantly in line with the ICT Charter, though MTN is more demanding in certain respects. Suppliers are encouraged to achieve a stronger empowerment rating in terms of Group criteria. If a company's procurement has a poor BEE profile, MTN will provide a list of operational suppliers from whom the company must purchase.



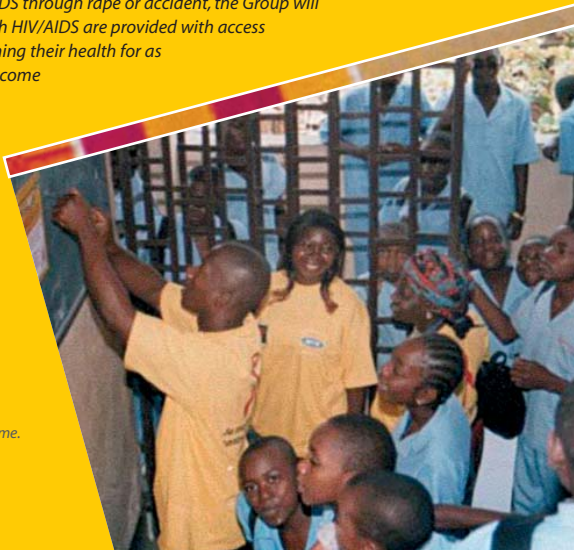
MTN provides HIV/AIDS education and awareness programmes

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 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 operations will also assist employees who wish to have an HIV test by referring them to a suitable local service. In the case of exposure to HIV/AIDS through rape or accident, the Group will assist 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 staff members' HIV/AIDS status become known, the Group will not tolerate any form of discrimination against that person.

The 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.



Staff HIV/AIDS education programme.

Social performance *continued*

MTN actively assists BEE companies to further their business initiatives. Smaller companies, for instance, are paid within seven days of invoice, instead of the standard 30 days from date of statement, to support their cash flow. On occasion MTN will provide a deposit upfront. We also provide administrative assistance and advice on how to issue statements in a timely manner.

To ensure implementation of BEE throughout the company, each business unit is allocated a BEE budget target. Progress is monitored monthly and forms part of individual key performance indicators. During this reporting period, MTN South Africa's BEE expenditure was R647 million, R53 million short of its R700 million target. However, this was R147 million higher than in the 2002 – 2003 financial year. The increase in expenditure was primarily due to greater compliance among contractors, and an increase in the budget. MTN South Africa's BEE expenditure target for 2004 – 2005 is R750 million.

Managing community health and safety aspects of mobile telecommunication products and services

During the reporting period, concerns and uncertainties were expressed on a number of occasions by stakeholders regarding the safety aspects of mobile phones and base station sites. The MTN Group responded to each instance, communicating and providing persuasive documentation supported by leading authorities in the field to the effect that all the Group's activities comply strictly with international and national safety guidelines.

Radio-frequency ("RF") emission levels from MTN base station sites fall well below the allowable exposure limits set out in international and South African safety guidelines. According to the guidelines developed by the International Commission for Non-ionising Radiation Protection ("ICNIRP") and endorsed by the European Commission (July 1999) and the World Health Organisation (June 2000), 41 volts/metre is the ceiling for safe emissions. Exposure levels at MTN base station sites, and where the general public has access fall below 10 volts/metre. RF activity at base station sites is monitored continuously and live readings are provided to the general public on request. Information on RF exposure can be accessed via the EMS intranet.

The Group encourages and supports independent quality, scientific research and continually reviews its policies in the light of the most up-to-date research findings to ensure that its operations maintain the highest levels of health and safety.

Corporate social investment programme

Now in its third year, the MTN Foundation in South Africa has continued to make a significant contribution to promoting socio-economic development in the regions in which the Group operates. In line with the Group's efforts to consolidate its investment on the continent, the Foundation has adopted a more uniform approach to corporate social investment across its operations. Each operation will establish its own MTN Foundation, and will commit up to one percent of PAT towards corporate social investment projects. This section of the report deals primarily with the corporate social investment activities of MTN in South Africa. A brief review of CSI activities for each operation is provided in the individual country operation reports.



Bridging the digital divide in Africa

Mobile technology – The Information Society for Africa

The future of cellular in Africa

The cellphone industry has grown with unprecedented speed on the African continent. According to the ITU the industry grew by over 1 000% between 1998 and 2003, to reach 51,8 million subscribers. The ITU reports that cellphones are now the predominant mode of telephony in almost every African nation, with cellular penetration reaching 6,2% at the end of 2003, compared with 3,0% for fixed-line telephony (ITU Africa ICT Indicators, 2003). With limited fixed-line penetration in the region effectively curtailing internet access via more traditional access methods, the ITU argues that Africa's future is a wireless one, with cellphones likely to be used increasingly to access the internet. The wireless boom on the continent has been driven by a combination of factors, including growing demand, the liberalisation of the sector and the subsequent opportunities for increased competition, innovation in the form of pre-paid cards, and the emergence of major strategic investors (such as the MTN Group). A critical factor is the ability of sophisticated new mobile networks to catapult African countries into first-world communication solutions and technologies.

The wealth of opportunity for cellular growth in Africa is unquestionable. Based on different growth scenarios for the mobile market in 2010, African mobile penetration is expected to reach between 10% and 20%, depending on key factors, particularly affordability of services. Africa's ability to sustain its high mobile growth and to extend it to other sectors such as the internet will depend on a co-ordinated effort for telecommunications on the continent. Regulators play an important role. Policies need to ensure a competition-friendly and transparent operating climate, and issues such as interconnection need to be managed effectively.

MTN's contribution to Africa's development

Providing a basic communications infrastructure is one of the key sector priorities of NEPAD. Bridging the digital divide is imperative to ensure that the marginalised people of the African continent participate in the knowledge-based economy of the future. The private sector has the power to influence the political and socio-economic development of Africa, as well as being conduits for technical and economic benefit.

Since its formation, MTN has invested more than R17 billion in GSM operations making mobile communications accessible to communities in Cameroon, Nigeria, Rwanda, South Africa, Swaziland and Uganda. As part of its emphasis on sustainable development, the Group is committed to building local partnerships and local empowerment in the form of equity stakes and franchising and distribution networks that favour small businesses, women and rural entrepreneurs in its areas of operation. The Group will continue to boost access to telecommunications in Africa, providing cellular services and installing community phones in all its areas of operation. It will continue to explore opportunities for further expansion on the continent, and strive to find innovative solutions to keep user costs down.

Launch of the MTN VillagePhone Project in Uganda is aimed at bridging communication gaps.



Social performance *continued*

The MTN Foundation

For the MTN Foundation in South Africa, it has been a year of forging key partnerships – notably with NEPAD and government – to maximise mileage from social investment projects. Focusing on four areas of national priority – education, arts and culture, science and technology, and HIV/AIDS – the MTN Foundation invested R15 million in social development initiatives this year, with an additional R7 million dedicated to MTN's School Connectivity project, the flagship project in the education portfolio. The total of R22 million invested in CSI projects also served to unlock additional resources and secure sponsorship from other partners.

As part of its commitment to sustainable partnerships, for the last two years MTN has commissioned an independent team to assess the effectiveness of its social investment programme. The review is undertaken against a set of criteria that examines the impact, sustainability and cost effectiveness of interventions. An assessment for the year in review will be conducted shortly.

Building education

MTN's School Connectivity Project is viewed as a model by the NEPAD e-school programme. R21 million over three years was set aside for the project to create 90 multimedia centres. Now in its third year, over 67 disadvantaged and rural schools across the country have been equipped with multimedia centres to improve the quality of education and increase access to ICT. These centres are used by an estimated 67 000 learners at their schools, and by approximately 100 000 additional learners in neighbouring schools. Each school is provided with ten computers, a server, a multifunction printer, a television set, a video recorder and a GPRS modem that uses MTN's network to access the internet.

MTN also installs a TeleShop with up to eight public payphones so that the schools can generate income to sustain the multimedia centres and boost local entrepreneurship. The company invests in upgrading school buildings and takes steps to ensure the safety of the equipment it provides. The MTN Foundation works closely with the national Department of Education to identify schools that are eligible to receive these multimedia centres. Recognising the importance of education in the long-term development of the country, MTN dedicated R4 million to a number of other education initiatives during the year.

MTN continues to support the Presidential Oral History Project, "The Road to Democracy," with R1,5 million per year. The first volume will be published in June 2004. MTN also continues to support tertiary students with bursaries. For the reporting period, MTN supported 34 students. The combined value of these amounted to R782 000.

Tackling HIV/AIDS

During the review period, the MTN Foundation contributed R1,2 million to education and awareness initiatives on HIV/AIDS. Its various community projects included sponsoring an HIV/AIDS youth education programme on eTV, promoting a highly-effective HIV/AIDS community phone job creation and empowerment project, called Zitshunele (*Do it yourself*) which is being expanded in Gauteng and North West province, and sponsoring the development of theatre, arts and cultural "voices" in association with the European Union aimed at transferring counselling skills to HIV/AIDS counsellors. The foundation also provided funding for children living with HIV and/or AIDS, and partnered once more with the annual Sports Heroes Walk against AIDS from Johannesburg to Durban, which raised funds for hospices and care centres.



Promoting science and technology: The MTN ScienCentres

During the reporting period, the Foundation provided sponsorship of R5,8 million for science and technology projects. Together with 35 sponsoring partners, the total asset value for the science exhibits grew through sponsorship to R15,5 million. The MTN ScienCentre in Century City, Cape Town continues to be the flagship project in this field, making a significant contribution to promoting awareness and interest in science and technology throughout South Africa. The MTN ScienCentre in Cape Town received 140 000 visitors during the review period, of whom 91 300 were school learners.

The MTN's ScienCentre in Umhlanga, Durban, a collaboration with Old Mutual, attracted some 85 000 visitors during the year.

Supporting arts and culture

In recognition of its contribution to culture and heritage, the MTN Foundation received the Arts and

Culture Trust's Organisation of the Year (2003) award in support of developmental arts and culture. Over the review period, more than R1,3 million was committed to various artistic and cultural activities. Preserving and building the country's rich cultural and artistic heritage is a key focus area, and in so doing it uses the company's extensive art collection to hold exhibitions, facilitate rural outreach programmes, train and support teachers and publish art resource material and educational supplements.

A flagship project during the year was the acclaimed Rorke's Drift Exhibition and publication showcasing pioneering black artists. The Rorke's Drift Centre was the only centre training black artists during the apartheid era. Furthermore, the Foundation provided support for a number of concerts and international musicians. This travelling national retrospective exhibition drew over 50 000 viewers across the South African cities to which it toured.



King Goodwill Zwelithini discusses one of the works of art in the Rorke's Drift Exhibition with curator Phillipa Hobbs and MTN Foundation General Manager Dr Meshack Khosa.

Environmental performance

MTN Group made significant strides in the last year to harmonise standards across its operations to ensure the impacts of its activities on the natural environment are managed effectively. Environmental performance across the Group is in line with international industry standards and continuous efforts are being made to improve on this.

The direct and indirect environmental impacts of the Group's activities include, in particular, impacts associated with the installation and operation of our base station sites, including the towers, as well as the more generic impacts associated with the administration of a large business organisation. From an environmental industry perspective, the telecommunications sector is typically classified as being a medium impact industry by the JSE SRI Index.

MTN's environmental policy, programme and management systems

In accordance with the Group's environmental policy, an EMP is in place to address environmental impacts in all operations. Particular attention is given to managing the impacts throughout the life cycle of our base station sites, from the time of building to the time of decommissioning. The EMP makes specific provision for waste minimisation, pollution prevention, energy efficiency, the use of environmentally-preferred materials, and managing impacts on flora and fauna. The EMP is documented in an online EMS which is available to staff through the MTN Group intranet. This is reviewed at least twice a year to ensure its continued relevance and effectiveness.

MTN South Africa was the first African telecommunications company to be certified under

the international ISO 14001 standard for its telecommunication network in July 1999.

Compliance with ISO 14001 is verified bi-annually per region by external auditors. MTN South Africa has also achieved ISO 9001:2000 certification for its quality management system for MTN SA (except marketing and sales), confirming that all its operations perform in line with stated policies, processes and procedures.

Implementing environmental management systems

The Group has successfully implemented a generic EMS across all its operations. The policies, processes and procedures introduced in each operation are fundamentally alike, but are tailored to address local and regional-specific issues. The Group will ensure that adequate guidance, instruction and training is provided throughout its operations to ensure that all members of staff understand the EMS and are aware of their roles and responsibilities in conforming to its requirements.

The Group is aware that it needs to develop its management structures at senior levels, assigning formal responsibility for environmental performance – as well as for health and safety performance – in each of the Group's operations.

Environmental training programme

Documented procedures are in place aimed at ensuring that employees at each relevant level understand the potential environmental impacts of their work activities. Appropriate education, training and/or experience is provided for all personnel performing tasks that can cause significant environmental impacts, as well as for those carrying



out specialised environmental management functions. In addition, all relevant MTN contractors and suppliers are required to identify the training needs for their employees, agents and subcontractors, to ensure 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.

Ongoing environmental management challenges

The countries in which MTN operates demonstrate differing levels of environmental consciousness and stages of development in terms of environmental legislation. In certain countries, for example, facilities for effective waste disposal and recycling initiatives are not available. The operations outside South Africa were formed relatively recently and are therefore still in the process of building or consolidating the foundations necessary to ensure a sustainable business. Each operation strives within its capabilities to continually improve its performance in line with international industry standards and world best practice. In the absence of adequate legislation to ensure the protection of the environment, as well as human health and safety, the appointed functions

within the company will establish and implement effective standards. Every effort is made to ensure that the Group keeps ahead of legislative requirements and abreast of international developments in environmental policy.

Energy, water, and materials use

Energy use is mainly associated with servicing office buildings, the supply of power to switches and base station sites, including associated airconditioning to base stations, and the use of diesel and petrol in network vehicles, base station site generators and switch standby generators. The typical level of energy usage for an MTN Group operation is provided below. In Nigeria, two power generators are required at each base station site. This results in over three million litres of diesel being used per month to provide reliable electricity at base stations. In addition, oil used in the generators has to be replaced after every 200 hours of operation. The used oil is collected and returned to the supplier for recycling. This aspect of our operations is monitored and managed in a manner consistent with the company's desire to minimise its impact on the environment. The Group continually examines options for improving ecological and economic efficiency. Electricity consumption is monitored annually for the financial results.

Typical energy usage in our operations

- *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)* 20 litres diesel/month

Environmental performance *continued*

Water use within the Group is minimal and limited primarily to consumption at corporate offices and to minor applications within the network operations, such as cleaning vehicles at several warehouse sites.

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.

Emissions to air and water

The Group's activities result in limited emissions to air or water. Airconditioning units follow the

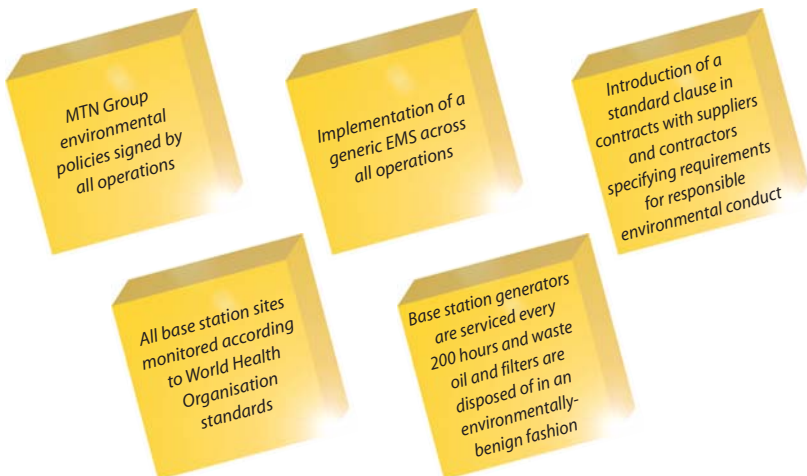
international industry standard and, in South Africa, these have been checked for compliance with requirements for the phasing out of ozone-depleting substances. A policy is in place regarding the withdrawal of disused airconditioning units. The management of fuel consumption and related emissions from our company fleet has not been identified as a critical issue.

The greatest potential for water contamination arises from spillage and leaks from fuel storage tanks. To ensure this does not happen, an enclosure is built around the base of all our fuel storage tanks.

Introduction of biodegradable recharge cards

Biodegradable recharge cards were introduced throughout the MTN Group's operations in the review

Key developments during the review period





period. This is a major development in minimising the Group's environmental impact, considering that a minimum of 20 million recharge cards are sold every month across the Group's operations.

Waste generation

The recycling of printer cartridges, batteries for switches, electronic equipment, cellphone batteries, toner cartridges and paper is standard practice across the Group's operations, subject to the availability of appropriate facilities. Waste generated by our network activities, including packing materials, soil and rubble associated with construction activities, and small volumes of waste oil and used filters arising from servicing generators, is effectively managed. The Group is committed to working in co-operation with suppliers and contractors to enhance common environmental objectives. It has introduced a standard clause in

contracts with all generator maintenance suppliers specifying requirements for responsible environmental conduct. Contractors for base station sites are required to service generators every 200 hours and to dispose of waste oil and filters in accordance with agreed terms.

Product stewardship – recycling mobile phone batteries

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



Environmental performance *continued*

Fortunately, most of these batteries are 100% recyclable. MTN South Africa has joined forces with mobile phone manufacturers to promote the collection and recycling of used batteries. Clear guidelines are provided to staff on the safe disposal of cellphone batteries. The Group follows international developments on environmentally sound management of end-of-life mobile terminals and promotes awareness amongst consumers of the need to return batteries for recycling. Approximately two tonnes of mobile handset components, and half

a ton of mobile handset batteries were collected by MTN South Africa for recycling during the review period.

In light of the growing emphasis internationally on extended producer responsibility, and in accordance with our commitment to corporate citizenship, this is an issue that we recognise requires further action. In this regard, we are actively following international developments.

Environmental targets and objectives

- *Assign formal responsibility for environmental management at senior levels across the Group*
- *Harmonise environmental, health and safety practice across the Group*
- *Continually improve standards to ensure minimal safety risks and environmental impact*
- *Attend international conferences on relevant environmental issues where possible, and remain informed of pertinent research findings and developments in the field*
- *Strive towards achieving ISO 14001 certification in all MTN operations*



Field engineer servicing antenna support structure.

Managing the environmental impact of base station sites



MTN'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 environmental management system.

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 to 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.

What is a base station?

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

- On structures (lattices, monopoles or "tree" masts): these are typically 8 – 55 m tall and used in rural areas.
- On buildings: mounted on the roof or against walls and used in urban areas.
- 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 12 – 15 m². While most sites are leased, in a number of instances, land has been purchased to house these facilities.

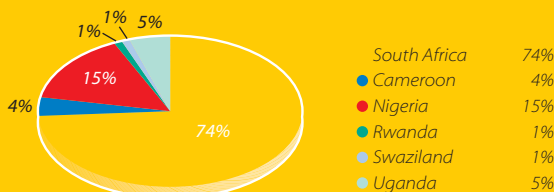
Group procedures relating to base station sites

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
- Obtain certification of compliance for base station site
- Ensure that, once operational, each base station site is visited at least 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 need to provide for pitched roofs to deal with higher rainfall levels in Cameroon.

MTN base stations in Africa



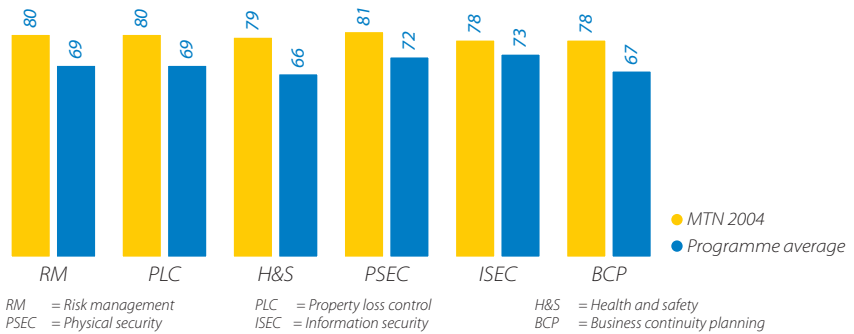
Environmental performance *continued*

Operational risk review

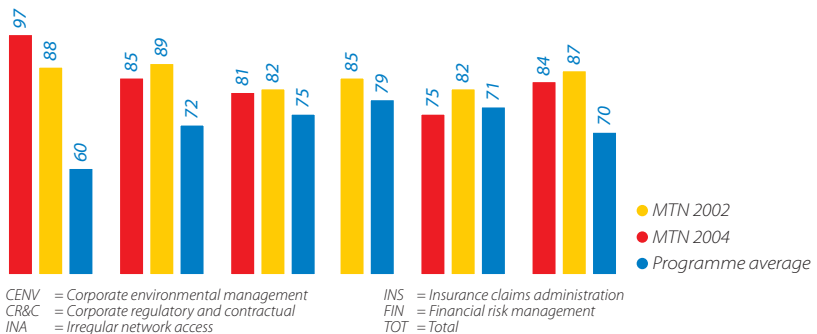
Below are two graphs indicating the rating achieved by MTN SA during the last operational risk review (Feb 2004). MTN's performance is compared to a programme average of 150 total reviews completed among telecommunications companies worldwide. As seen from the graphs, MTN's rating is well above the programme's best practice average.

The review, which takes place every eighteen months, is undertaken by an independent international company that specialises in risk management. The review output is seen by MTN as an important tool providing an opportunity to improve further and to benchmark performance against other international telecommunication companies.

Graph 1



Graph 2



MTN Group Limited Sustainability Report 2004



Review of operations

<i>MTN Group GSM operations</i>	40
<i>South Africa</i>	42
<i>Nigeria</i>	46
<i>Cameroon</i>	52
<i>Uganda</i>	58
<i>Rwanda</i>	63
<i>Swaziland</i>	67

This section of the report provides a detailed summary of the sustainability performance of each of the Group's cellular operations and details the company-specific concerns of our stakeholders.



The networks of MTN Group's six operations are the pulse of their performance. Over 9,5 million MTN subscribers are dependent on these networks for communication.

MTN Group GSM operations

Cameroon

Launch date:	Feb 2000
MTN Group shareholding:	75%
Population:	16,6 million
Mobile penetration:	6,7%
Subscriber numbers:	581 000

South Africa

Launch date:	Jun 1994
MTN Group shareholding:	100%
Population:	45,7 million
Mobile penetration:	36%
Subscriber numbers:	6 270 000

Nigeria

Launch date:	Aug 2001
MTN Group shareholding:	75%
Population:	130 million
Mobile penetration:	3,1%
Subscriber numbers:	1 966 000

Swaziland

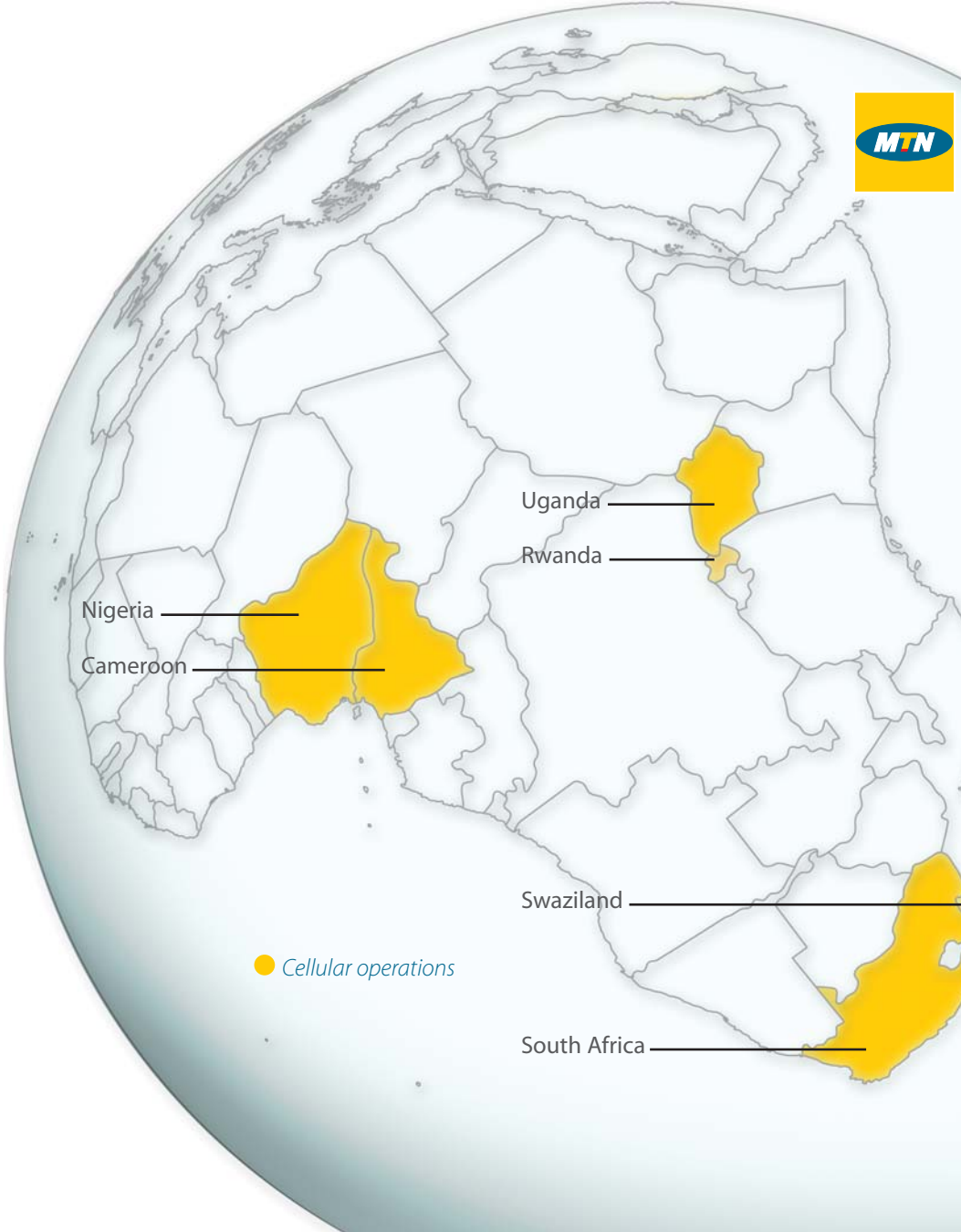
Launch date:	Jul 1998
MTN Group shareholding:	30%
Population:	1,1 million
Mobile penetration:	7,7%
Subscriber numbers:	85 000

Rwanda

Launch date:	Jul 1998
MTN Group shareholding:	40%
Population:	8,7 million
Mobile penetration:	1,2%
Subscriber numbers:	146 000

Uganda

Launch date:	Oct 1998
MTN Group shareholding:	52%
Population:	24,5 million
Mobile penetration:	3,1%
Subscriber numbers:	495 000



Nigeria
Cameroon

Uganda
Rwanda

Swaziland

South Africa

● Cellular operations

Operational performance

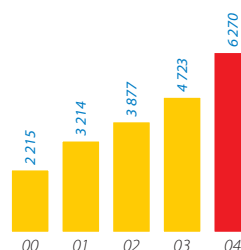
– MTN South Africa

Performance highlights

As at 31 March 2004:

- Revenue increased 23% to R15 098 million
- Total capable subscriber base grew by 33% to 6 270 000
- Blended ARPU of R203
- Arrested a steadily declining EBITDA through tight control of costs and increasing subscribers in both the pre-paid and post-paid sectors
- Ranked sixth in the Financial Mail *Best Company to Work For Survey*
- BEE suppliers constitute 60% of supply chain and R647 million worth of services
- Established 67 multimedia centres in disadvantaged schools

Number of subscribers ('000)



Market information

Population	45,7 million
Mobile penetration	36%
Market share	38%

Operational information

Pre-paid/post-paid mix	81%/19%
------------------------	---------

Financials

	2004 Rm	2003 Rm
Revenue	15 098	12 298
EBITDA	4 514	3 389
PAT	2 245	1 490

MTN South Africa is the country's second-largest cellular network operator. This year marks our tenth anniversary. The cellular market in the country is maturing and highly competitive (with 36% penetration). MTN South Africa maintained solid subscriber growth during the review period, through the introduction of innovative, cost-effective mobile communications solutions. The company's GSM network has 4 245 sites covering 19 200 km of road and 1 000 000 km² of land, providing access to 96% of South Africa's population.

MTN South Africa has various initiatives in place relating to environmentally and socially responsible

management practices, and has forged strong partnerships with government to promote sustainable development.

Contributing to the socio-economic development of South Africa

Payments to government during the year amounted to R1,9 billion for licence fees, direct and indirect taxes. In addition to the positive direct impact associated with the Group's contribution to the South African economy – as a taxpayer,



employer, and procurer of a substantial volume of goods and services – MTN South Africa is committed to implementing additional measures aimed at improving opportunities for the country's disadvantaged individuals and communities.

Since its inception, the company has installed approximately 10 000 community payphones in under-serviced areas, which in turn has stimulated entrepreneurial activity in these areas. The company's support for black economic empowerment is driven through its procurement practices, with expenditure amounting to R647 million over the last financial year. The company provides administrative assistance to its suppliers to help them meet BEE criteria and has targeted R750 million for BEE procurement for the coming year. As part of its corporate social investment programme, MTN South Africa has greatly improved access to technological facilities through its Schools Connectivity Project, establishing 67 multimedia centres in disadvantaged schools during the last year.

Investing in our employees

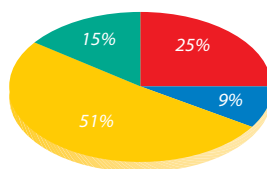
The company strives to retain and attract quality staff and to be an employer of choice. It was ranked sixth in the annual Financial Mail *Best Company to Work For Survey 2003*. The company conducts regular culture audits to determine where and how it can improve performance with regard to its employees.

Employee well-being is further promoted through the company's Talent Care Programme. Key activities in the programme include providing all staff with access to a professional counselling service, running courses on relevant issues of concern, welcoming all new employees through an induction programme, and administering "Club 083" which provides staff with special discount schemes.

Promoting employment equity

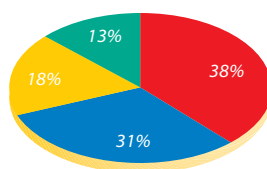
Further progress was made during the year in integrating employment equity considerations within the company's business system.

Management: Diversity profile



● EE male ● EE female
● White male ● White female

Operational: Diversity profile



● EE male ● EE female
● White male ● White female

Operational performance

– MTN South Africa *continued*

Health, safety and environmental issues

Information on all health, safety and environmental standards, policies and procedures are available on the company intranet. There is a comprehensive incident reporting system in place, with clear lines of responsibility identified for health and safety co-ordinators. Every month, an inspection is carried out of all aspects pertaining to health and safety, the results of which are discussed by a committee on a quarterly basis. The company has a comprehensive health and safety policy and risk management process and has had an ISO 14001 certified environmental management system since 1999. During the reporting period, there were no major safety incidents among employees or contractors. Eleven minor incidents were reported in the service provider division, and no lost time for injury.

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. The construction and maintenance of masts and base stations are undertaken in accordance with MTN Group standards and applicable legislation. The company has a range of recycling projects, including the recent introduction of tin/aluminium can recycling.

The company has a structured campaign to contain HIV/AIDS in the workplace. Monthly briefings are held for line managers on the comprehensive policy on HIV/AIDS. Staff and their dependants who are on the company's medical aid scheme are able to obtain anti-retroviral drugs. The company has trained 60 staff members as AIDS educators for their peers in the

main regions of Gauteng, Durban and Cape Town. The monthly staff magazine and performing arts such as industrial theatre, are used as vehicles for raising awareness and promoting education around related HIV/AIDS topics.

Corporate social investment programme

During the reporting period, the company invested over R22 million in various social development projects relating to education, HIV/AIDS, science and technology, and arts culture and heritage. This includes R7 million dedicated to the Schools Connectivity Project. These projects are administered by the MTN Foundation. Further details of MTN corporate social investment programmes are provided on page 30.



Rural schools such as Malabosane High will be connected to modern technology and the internet through the MTN Schools Connectivity Project.



Our call centres handle 700 calls every 30 minutes

MTN South Africa strives for 100% customer satisfaction

Customer satisfaction is of paramount importance to the MTN Group. MTN South Africa employs more than 1 000 customer service agents, ensuring an ongoing assessment of our entire customer interface process, and has a formal structure in place for dealing with complaints. Our call centre in Gauteng handles on average 700 calls every 30 minutes. In an emergency situation, subscribers are automatically routed to the call centre in KwaZulu-Natal for assistance. In the fiercely competitive South African cellular market, MTN South Africa strives continuously to offer innovative services to customers and to keep tariffs as low as possible. Independent market research is conducted monthly to determine perceptions of the company, and its performance in relation to competitors. The company has set a target of becoming the best provider of customer service in the country, across all industries, within the next two years. It has introduced a local customer management improvement project aimed at encouraging a more people-orientated system, with greater responsibility allocated to individual staff in executing customer requests. MTN South Africa has successfully piloted an innovation called Q4U that is designed to significantly improve efficiencies in customer response. With Q4U ("Queue For You"), the customer alerts the call centre with one ring of the telephone, and the call centre calls the customer back within seconds. Developments in customer service in the last year included the introduction of a separate call centre to cater for high-value customers, to ensure optimum customer recognition and satisfaction.

Operational performance

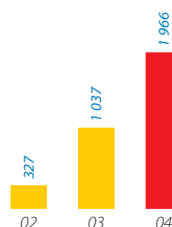
– MTN Nigeria

Performance highlights

As at 31 March 2004:

- Revenue increased from R5 361 million to R6 973 million year on year
- EBITDA of R3 557 million
- PAT of R2 592 million (not taking into account deferred tax asset)
- Subscriber growth to 1 966 000 as at 31 March 2004, from 1 037 000 in March 2003
- ARPU of US\$51
- Some 839 base stations compared to 478 as at 31 March 2003
- Sixty-five rural phone centres installed, with a forecast total of 200 rural phone centres to be installed by July 2004
- Roaming now extends to 115 international networks, in 65 countries
- Mutually-beneficial working relationship with Ericsson, a key supplier, to develop training and education facilities in Nigeria

Subscriber base
('000)



Market information

Population	130 million
Mobile penetration	3,1%
Market share	48%

Operational information

Pre-paid/post-paid mix	97%/3%
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* Excluding deferred tax asset

Financials

	2004	2003
	Rm	Rm
Revenue	6 973	5 361
EBITDA	3 557	2 088
PAT*	2 366	1 146

MTN Nigeria has consistently surpassed initial growth forecasts in a challenging market where demand significantly exceeds supply. Since its launch in 2001, the company's subscriber base has escalated to over 1 966 000, as at 31 March 2004. The network has been rapidly expanded to cover 82 cities and well over 2 000 communities, and is on track to reach all 36 states before August 2004. The company is focused on building network capacity and increasing the quality of its services.

MTN Nigeria projects a strong brand image as a supplier of first choice and as a leader in corporate social responsibility ("CSR") in the country. The company has invested over US\$1,2 billion in infrastructure and licence fees to date and will continue to invest heavily in the Nigerian economy, endeavouring to be a catalyst for growth and development, both through the provision of quality communications as well as through innovative and effective social responsibility initiatives.



Corporate governance

MTN Nigeria is committed to implementing effective corporate governance practices. The board consists of sixteen members, fourteen of whom are non-executives. It is supported in its activities by the audit, project, credit, property, remuneration and human resources and management committees. Policies, procedures and compliance mechanisms are in place to address governance, ethics, conflicts and fraud concerns.

Contributing to the economic development of Nigeria

MTN Nigeria's contribution to economic development in Nigeria should be seen in the context of the significant benefits that the company's activities have brought to the country in terms of direct and indirect job creation, increased government revenue and enhanced opportunities for large and small businesses. It is estimated that the company has facilitated the creation of more than 30 000 jobs, directly and indirectly. The company's capital infrastructure has significantly improved Nigeria's prospects as an investment market, encouraging much needed foreign direct investment to stimulate the local economy.

A nationwide network of dealerships includes 26 banks, 1 200 dealers and thousands of sub-dealers. MTN Nigeria's procurement practice follows on the Group's affirmative procurement model. Efforts are focused on increasing procurement from local Nigerian suppliers and reducing imported products and services. More than US\$250 million was spent on procurement through local suppliers. MTN Nigeria has appointed a procurement officer to oversee the development of an effective local supply chain and

to encourage suppliers to engage in CSR activities. There are plans to assist in creating the infrastructure for the redevelopment of a local bus station, which will incorporate the upgrade of road works and the development of market stalls, shops and possibly internet cafés at university campuses.

MTN Nigeria was in the second year of a five-year tax holiday and accordingly, paid no corporate tax during this financial year. Nevertheless, PAYE, VAT, Nigeria Communication Commission ("NCC") levies and import duties to the value of approximately R788 million were paid during the year.

Tariff structures

The issue of tariffs remains of great interest to many stakeholders. MTN Nigeria is committed to making cellular services as affordable as possible and has reduced its tariff rates significantly this year, notwithstanding the fact that inflation in Nigeria is in the region of 17 percent per annum.

There is considerable pressure on MTN Nigeria to expand its network rapidly and the company is reinvesting extensively to be able to finance the extensive capital outlay demands associated with developing infrastructure in Nigeria. The network still requires substantial investment to increase its geographic spread and ease congestion, and in this regard MTN Nigeria has budgeted to invest in excess of US\$1 billion in additional network roll-out for the 2005 financial year. Notwithstanding the very high cost of doing business in the region, tariffs in Nigeria are competitive by international standards.

Operational performance

– MTN Nigeria *continued*

Customer services

MTN Nigeria has expanded its network throughout the country at a rapid rate this year. To date, the company has ten Friendship Centres servicing six main regional hubs (Lagos, Abuja, Kano, Enugu, Ibadan and Port Harcourt). In addition, MTN is actively working towards strengthening the network to reduce service disruptions and improve call quality. Certain states are serviced by satellites, which may slightly compromise quality, but are the only reasonable way to overcome landscape challenges. MTN Nigeria is committed to improving the overall customer experience. The company is aware of the need to improve the level of service at call centres, and as a result, is developing a new call centre, improving its interactive voice recognition system and increasing dealer and sub-dealer training and staff training.

Investing in our staff and business partners

A focus this year has been the development of management systems with clear reporting structures throughout the operation, consistent with Group practice. A total of 382 systems were enacted at MTN Nigeria during the year. The company's commitment to investing in the region is reflected in its efforts to build capacity and skills among Nigerian nationals. The company is proactive in attracting skilled Nigerians back from London and New York, with the aim of bringing much needed skills developed outside Nigeria back into the local economy. This forms part of a strategy to reduce the number of expatriate staff and to develop local skills through skills transfer and to provide for succession planning. There is a highly developed sense of duty among Nigerians returning from abroad to assist less fortunate citizens, which is impacting positively on MTN Nigeria.

The workforce is growing at a significant rate: nearly 620 employees were recruited last financial year with a further 1 150 expected in the 2004 – 2005 financial year. MTN Nigeria is mindful that adequate training of staff is imperative if the quality of its services and its brand reputation are to be maintained and improved. As at 31 March 2004, total staff members (permanent nationals, contract workers, expatriates) numbered 1 618, of which 1 436 were permanent and 163 expatriates. Currently, at operational level, there are 64% males to 36% females, whereas in management, the percentages are 87% and 13% respectively. Succession planning and staff retention strategies are in place and the company is investigating internship opportunities.

Safety, health and environment issues

MTN Nigeria has a comprehensive SHE policy and corporate plan in place, with assessments conducted quarterly. Compliance with the policy is mandatory for all employees and contractors, requiring formal reporting of all incidents, minor and major, and any unsafe conditions.

MTN Nigeria is developing a series of HIV/AIDS awareness and prevention workshops for its staff, and is currently drafting an HIV/AIDS policy based on the MTN Group policy.

The company utilises approximately two million litres of diesel per month for its generators to supply reliable electricity at base stations. MTN Nigeria is working towards ISO 14001 certification. A comprehensive environmental impact assessment ("EIA") completed for the Federal Ministry of Environment has been provisionally approved.



Addressing stakeholder concerns

MTN Nigeria is committed to addressing and communicating on the following issues identified by stakeholders:

- *Focused strategies in anticipation of aggressive competition*
- *Improved tariff and billing structures, and plans for product development*
- *Implementation of adequate systems to make effective conversion to per-second billing*
- *Less service interruptions and better quality of connections*
- *Promote infrastructure sharing to increase level of interconnectivity at lower prices*
- *Improve customer complaints management system*
- *Manage visibility of the company's communication service activities*
- *Formalise stakeholder engagement activities*
- *User-friendliness of purchasing SIM cards and loading recharge cards*
- *Concerns relating to diesel consumption, possible supply shortage and rising prices*
- *Increase level of procurement to local suppliers*
- *Leverage its influence to raise levels of social consciousness among other corporates*



MTN Nigeria's Chief Marketing and Strategy Officer, Afam Edozie, hands over keys of an ambulance sponsored by MTN.

Operational performance

– MTN Nigeria *continued*

“MTN has been doing very well with respect to network coverage throughout Nigeria. Rural coverage is improving ... even in my village, Ijero Ekiti in Ekiti State, which is in one of the most remote parts of Nigeria.”

Hon Yemi Arokadare – Chairman, House Committee on Communications

Environmental initiatives include:

- Drop-off facilities for used telephone batteries at Friendship Service Centres
- Tenders in progress for the introduction of biodegradable recharge cards
- Recycling initiatives in place for mobile handsets and battery components
- Initiatives to address pollution from generators, including environmentally-friendly disposal of fuel and filters from generators at regular intervals
- Monitoring the environmental impact of carbon dioxide emissions, waste oil and fuel
- Implementation of a solid waste recycling programme and paper shredding machines

Corporate social investment programme

Subsequent to the financial year-end, the MTN Foundation was established as a separate division to oversee CSI projects and to forge and develop long-term partnerships with strategic partners such as the Growing Business Foundation. MTN Nigeria will commit one percent of PAT towards CSI, with greater focus on health education and economic empowerment projects.

During the reporting period, R29 million was invested in various corporate responsibility initiatives, with a

focus on health programmes – primarily aimed at women, children and HIV/AIDS – youth education, sports, and arts and culture. Substantial contributions were made towards orphanages and child welfare. The company donated hundreds of telephones to the police and other institutions to facilitate their work.

HIV/AIDS prevalence is escalating in Nigeria. In a population of 130 million (March 2004) it is estimated that more than three million (2,3%) are infected. MTN Nigeria has permanent advertisements to promote HIV/AIDS awareness displayed around the country.

Additional initiatives include:

- Telecom Stakeholders' Roundtable: a public platform to engage with stakeholders more meaningfully on issues in the Nigerian telecommunications industry. Participants include students, academics, journalists, lawmakers and corporate representatives.
- MTN Nigeria Talking Point: an advocacy programme broadcast on national television, to inform and educate subscribers and the general public on MTN Nigeria's GSM.
- A publication entitled *“GSM Brings Development”* to communicate the far-reaching positive impact of GSM in Nigeria.



- *Yello* magazine: a quarterly in-house magazine and important communication tool. It is widely distributed to stakeholders including MTN Nigeria staff, shareholders, dealers, suppliers and subscribers.
- MTN Volunteer Scheme: a recently introduced initiative – more than 250 MTN Nigeria staff members will volunteer their time and skills towards community programmes and assisting schools.
- Expansion of MTN Nigeria Book Aid, an initiative to bridge some of the shortcomings in Nigeria's educational system. The company provided in excess of 1 000 000 books this year.

Empowering communities in which we operate

Case study: Ogene Ladies' Community Phone Project

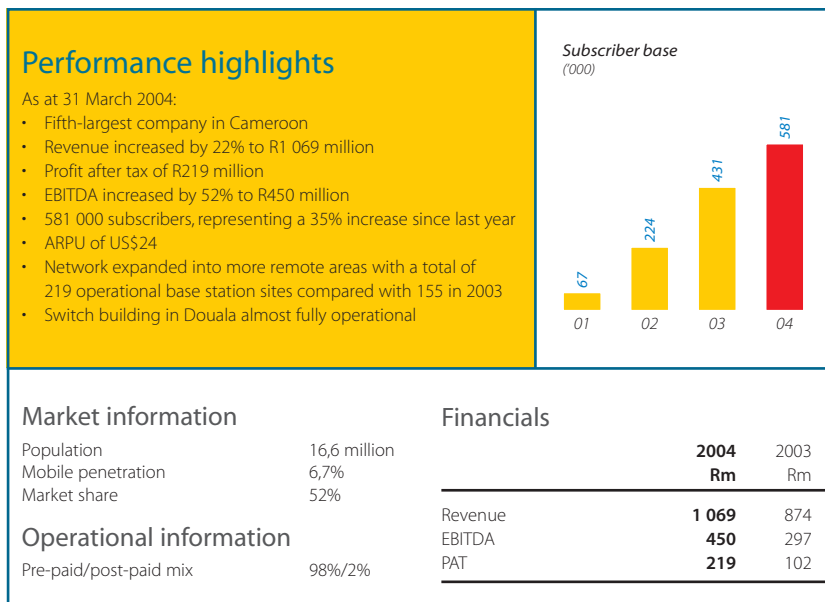
MTN Nigeria has operated a micro-credit enterprise system called the Ogene Ladies' Community Phone Project in Enugu since April 2002. This project is implemented in partnership with the Growing Business Foundation ("GBF"), a non-governmental organisation. MTN Nigeria provides women in local communities with SIM packs, phones, recharge vouchers and booster cards under a micro-credit scheme. GBF provides formal training and capacity building to enable the women to operate payphones in their communities. The community phone project has been replicated under the name of "Ntakroc" in Akwa Ibom state. The investment in capacity building and training has provided a solid foundation for the rapid development of the programme. There are currently 65 beneficiaries and the roll-out of further phone centres is gaining momentum. There are, however, many challenges in bringing telecommunication to rural areas. These include lack of access to electricity or alternate power supplies, and the hilly terrain in many areas that creates transmission obstacles and induces additional infrastructure costs. MTN's commitment to overcoming these challenges has prompted GBF to set the ambitious target of installing more than 200 rural phone centres by July 2004. The healthy partnership between MTN and GBF has resulted in a flourishing project to improve and enhance the quality of life in rural communities.



Ogene Ladies' Community Phone Project beneficiaries.

Operational performance

– MTN Cameroon



MTN Cameroon continues to grow in stature both as a successful business exceeding financial forecasts, and as a valued contributor to the socio-economic development of the country. Now in its fourth year, the company has the mechanisms to achieve sustainable growth and profitability firmly in place, providing the requisite foundation on which to build sustainability throughout the operation and grow to realise the company’s vision of being a vital part of a communicating society. Estimated to be the fifth-largest company in the country, MTN Cameroon is eager to leverage its position of influence to raise the level of social consciousness among other companies.

Corporate governance practices

The Board of MTN Cameroon consists of six permanent members: two from Cameroon and four from South Africa. The board is supported in its activities by a human resources committee and an audit committee. Corporate governance practices are guided by the South African King II report. The operation has an agreed code of conduct, and maintains a strong policy of zero-tolerance for corruption, which is a dismissible offence.



Contributing to the economic development of Cameroon

MTN Cameroon's positive impact on the development of the national telecommunications infrastructure is increasingly felt as the network expands into more remote rural areas, significantly exceeding its licence obligations in this respect. The quality and reliability of MTN Cameroon's network are improving and the company has consolidated its market leadership in a highly competitive environment. Committed to being a major player in the national economy of Cameroon, it endeavours to facilitate and promote ease of access to communications and stimulate entrepreneurship in a safe, supportive environment. Local suppliers are involved wherever possible and the company relies on a number of external consultants. There are now 219 operational base station sites spread across the country's ten provinces, resulting in significant benefits in terms of direct and indirect job creation, as well as generating public and private revenues for

investment in meeting public objectives. The switch centre completed last year in Douala is equipped with advanced technology to oversee all network-related processes, anticipate and respond appropriately to ensure optimal performance, and co-ordinate technical support and maintenance of equipment and facilities at base site station sites.

MTN Cameroon's payments to government during the year amounted to R193 million for licence fees, direct and indirect taxes.

Investing in our staff and business partners

Numerous initiatives have been undertaken to streamline the business and establish a dependable, transparent and fair system, appreciated for its strategic direction. Revised structures to ensure the satisfaction and well-being of our staff include a review of individual job descriptions, corresponding salary structures and appraisal systems. Individual staff training requirements are identified after each bi-annual evaluation and undertaken wherever feasible, locally and overseas. Experience gained from MTN South Africa's Talent Care programme will inform the introduction of a similar programme in MTN Cameroon. Additional social benefit programmes have been introduced for staff, their spouses and immediate family, with emphasis on healthcare.

Managing HIV/AIDS within the workplace remains a central focus. Efforts extend beyond the dissemination of educational material, seminars and the ready availability of condoms, to involve external partners with direct access to medical expertise and facilities, such as HIV/AIDS testing. An HIV/AIDS policy based on that of the South African operation is being adapted for local implementation



Douala service centre.

Operational performance

– MTN Cameroon *continued*

“MTN’s integrity is above average and our customer relations experience with the company is excellent. As a corporate citizen MTN is in the top rung, engaging in an impressive range of projects in the community, setting an example for other private sector companies.”

Mr Duane Troyer – Director of Technical Services/SIL Cameroon, a non-profit organisation

and will be communicated to staff. An on-site infirmary is to be established shortly, with a nurse present daily and a doctor consulting twice a week.

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 workplace. The current workforce gender ratio stands at 57% male to 43% female. The company’s ongoing efforts to localise management and employees through recruitment and training of Cameroon nationals have resulted in a local staff complement of 97%. There has been no recent industrial action at MTN Cameroon.

Safety, health and environmental impacts

The health and safety of staff is overseen by a number of risk management processes, focused on prevention. Safety concerns centre around risks associated with climbing towers during routine maintenance and road traffic accidents. The company provides training and safety harnesses for all maintenance personnel and runs a series of courses on defensive driving. A refresher course on tower safety is an annual event and we are pleased to report that no serious accidents occurred this year.



Maintenance of a network support structure in Cameroon.

Environmental impact assessments are carried out at each base station by independent consultants before clearance is given. A strict schedule is followed for the maintenance and replacement of parts of equipment and facilities at each base site station, to ensure optimum safety and efficiency and minimise the risk of disruption. Investigations continue into the viable implementation of solar panels as an alternate power source, but there are technical and economic challenges to contend with.



We are pleased to report the introduction of biodegradable recharge vouchers – approximately two million of which are sold by MTN Cameroon each month – as a key development in minimising the negative impact on the environment. Further tenders are in progress. Generators at each of the 219 base station sites are being systematically replaced with quieter ones to reduce noise disturbance. There were no serious environmental complaints in the year under review.

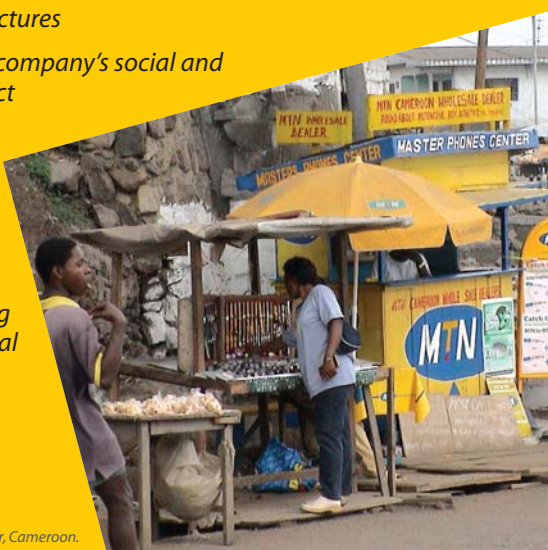
Corporate social investment programme

MTN Cameroon has consolidated partnerships with organisations such as the World Bank and the National Committee against HIV/AIDS. Key elements of MTN Cameroon's CSI programme include increasing public awareness on HIV/AIDS, investing in training and education programmes for medics and the youth, and providing support for cultural and

Addressing stakeholder concerns

MTN Cameroon is committed to addressing and communicating on the following issues identified by stakeholders:

- *New products and services*
- *Tariff and billing structures*
- *General data on the company's social and environmental impact*
- *Nature of its activities to develop skills in the local IT sector*
- *Recycling initiatives*
- *Activities contributing to local environmental regeneration*
- *HIV/AIDS initiatives*



Buea Street dealer, Cameroon.

Operational performance

– MTN Cameroon *continued*

“The partnership between the World Bank Office in Cameroon and MTN is simply outstanding. MTN has not only shown genuine interest in supporting NO AIDS Caravan sponsored by the World Bank, UNAIDS, the National Committee against HIV/AIDS, and Synergies Africaines, it has provided financial and logistical support to give it the desired visibility nationwide. By having MTN on our side in the fight against this pandemic, we are setting an example that others in the private sector will hopefully follow as there is no better way to clearly demonstrate corporate social responsibility.”

Madani TALL – World Bank Cameroon

artistic events. The company sponsors technical training programmes and forums relating to the information communications and telecommunications sector. Specific projects include the rehabilitation and development of a local health centre and a free vaccination campaign.

MTN Cameroon is proud to be the principal sponsor of the Cameroon Football Federation (“FECAFOOT”), which promotes the long-term development of soccer at all levels, with particular focus on the youth. The country is united in its passion for football and we believe the social and economic benefits of this support are significant, with growing emphasis on development at a local level.

MTN Cameroon invests over one percent of PAT in corporate social investment. A total of R4,7 million was committed to CSI projects during the reporting period. Regular monitoring of the delivery of objectives against set targets is undertaken, and 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.



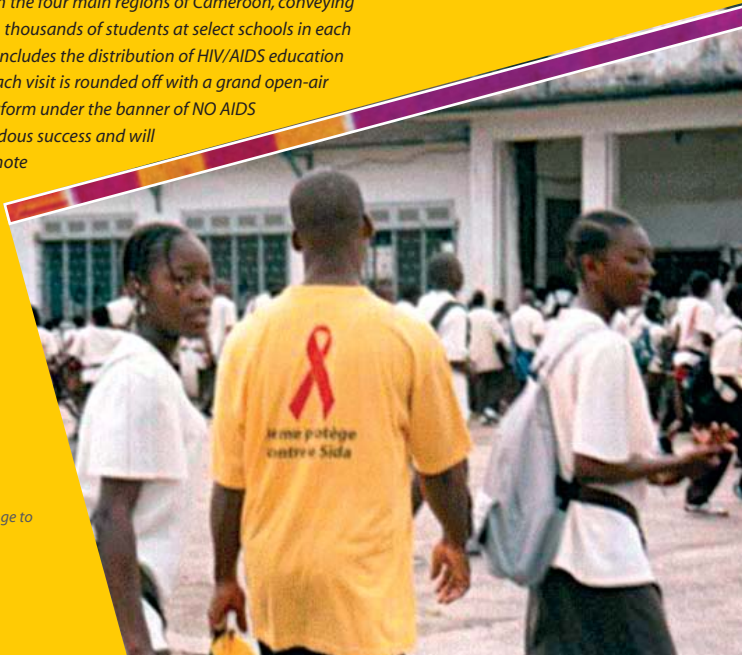
The youth of Cameroon, the future of the country

Case study: NO AIDS Caravan

The youth of Cameroon, and consequently the future of the country, is under significant threat from the spread of HIV/AIDS. Efforts to address this growing concern are imperative both at government level and within the private sector. MTN Cameroon is the proud strategic partner of the World Bank Office in Cameroon in an HIV/AIDS awareness campaign called NO AIDS Caravan, targeting youth. Other prominent sponsors of the campaign are UNAIDS, the National Committee against HIV/AIDS, and Synergies Africaines.

The campaign has been rolled out in the four main regions of Cameroon, conveying and discussing HIV/AIDS issues with thousands of students at select schools in each region. The process of sensitisation includes the distribution of HIV/AIDS education material, condoms and brochures. Each visit is rounded off with a grand open-air concert where celebrated artists perform under the banner of NO AIDS Caravan. The campaign is a tremendous success and will be replicated at schools in more remote regions around the country this year. MTN offers logistical and financial support to the campaign and is negotiating with local media representatives to measure and report a bi-weekly update of the impact the campaign is making in each region.

Creative AIDS awareness campaign.
MTN Cameroon has picked up the challenge to
fight against HIV/AIDS.



Operational performance

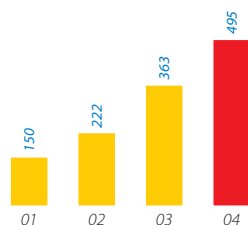
– MTN Uganda

Performance highlights

As at 31 March 2004:

- Market leader with 66% mobile market share
- Helping to triple Uganda's teledensity since its launch
- Mobile subscriber numbers grew to 495 000 from 363 000 last year, representing a 36% increase
- Introduction of the MTN VillagePhone project, which provides access to telecommunications to remote areas
- Achieved border to border coverage in 39 district capitals as stipulated in the license and still extending coverage to 140 towns and villages with coverage of 70% of the population
- Voted most respected Ugandan company, most respected ICT company in East Africa and third most respected company overall in East Africa, in a PricewaterhouseCoopers survey

GSM subscribers
('000)



Market information

Population	24,5 million
Mobile penetration	3,1%
Mobile market share	66%

Operational information

Pre-paid/post-paid mix	98%/2%
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Financials

	2004 Rm	2003 Rm
Revenue	917	1 124
EBITDA	453	533
PAT	199	223

MTN Uganda is in its sixth year of operation, providing fixed-line, fibre optic, wireless local loop and GSM mobile communications to a largely under-serviced market. The company exceeded growth forecasts for the year and withstood strong competition from two other cellular operators to retain market leadership with approximately 66% mobile market share. The company strives to enhance its positive impact on the country's development, driving projects to bring communication within the reach of the majority of the population living in rural communities, while supporting and stimulating entrepreneurship and job creation.

Corporate governance and risk management

MTN Uganda is committed to implementing effective corporate governance and risk management practices using King II (South Africa), Turnbull Report (UK) and Sarbanes-Oxley Act 2003 (USA) as guiding authorities on best practice. The company has taken an aggressive stance of zero tolerance of all forms of fraud and corruption. Tight policies and procedures are enforced internally, including a confidential fraud line. MTN anti-fraud posters are disseminated to dealers and displayed in MTN offices and centres.



A conflict of interest policy is in the process of being finalised.

MTN Uganda is committed to developing a risk awareness culture within the operation. An integrated risk management framework covering all aspects of operations and sustainability issues is strictly monitored. Reporting structures with clearly-defined lines of responsibility are in place to ensure effective management.



Members of a micro-finance institution with a new VillagePhone operator in Uganda. VillagePhone helps to connect villagers to those outside the village.

Contributing to the socio-economic development of Uganda

MTN Uganda's commitment to investing in Uganda in 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\$190 million as the company continues to expand coverage throughout the country and to focus efforts on lowering the financial and geographic barriers to telecommunications access.

The launch of the MTN VillagePhone project in partnership with the Grameen Foundation USA is rapidly increasing teledensity in rural areas, offering connectivity to poorer communities. Innovative phone bureau set-ups are installed in areas where electricity is unavailable. These rely on power from a car battery or solar panels, connected to the network with a booster antenna. The phones are purchased and operated by entrepreneurs who rely on loans from micro-finance institutions. MTN offers basic connectivity with special rates and provides a business model to owners as a guide to operating a business. To date, over 315 phones have been installed countrywide, with about 190 applications pending. The five-year target is to install 5 000 phones.

MTN Uganda's procurement practices strive, as far as possible, to make use of local suppliers and contractors. We are pleased to report that tariffs have been reduced for pre-paid and post-paid services, and public payphones have been introduced at competitive rates. In addition, we have introduced pre-paid fixed-line services and a business solution centre which offers internet-enabled telecommunications and a one-stop establishment for fixed-line communications with a demonstration room, sales point and futuristic technology display.

MTN Uganda's efficient operations are attracting the business of many head offices of leading East African companies. The company is the second-largest taxpayer, contributing approximately 20% of the government's total corporate tax budget.

Investing in our staff and business partners

MTN Uganda has formal policies and procedures in place to ensure the health, safety and well-being of

Operational performance

– MTN Uganda *continued*

“In respect to the state of each mast visited, there was an overwhelming compliance with the assumed environmental impact assessment...”

Department of Civil Engineering Makerere University, Kampala environmental audit report

its staff. A committee of employee representatives reports to senior management with input on policy issues and suggestions for workforce and business improvement. MTN has an intranet available to its staff, where all relevant information on policies and procedures is readily accessible. There has been no industrial action at MTN Uganda in the last five years.

The company provides a diverse range of training for its staff at all levels, including courses in customer care, training and awareness of technology, defensive driving and training in fire fighting procedures for selected staff. There is a focus on developing IT and middle management skills, to make provision for fast company growth and succession planning.

The company has well-established HIV/AIDS initiatives in the workplace, including an ongoing educational programme and easy access to condoms. MTN Uganda has a strategic alliance with a treatment centre that offers staff confidential HIV/AIDS testing at minimal cost, and anti-retroviral drugs. The company is recruiting a dedicated resource who will be in charge of protecting the health and safety of its staff. There have been no fatalities since the operation's inception.

Minimising environmental impact

MTN Uganda's activities comply with Uganda's National Environmental Management Act ("NEMA")

and deliberate policies are in place for achieving ISO certification. In accordance with NEMA, an environmental impact assessment is undertaken for every proposed base station and the company publishes an annual environmental report on its activities. MTN recommissioned an annual environmental audit of 30 MTN communication masts throughout the country from the Department of Civil Engineering Makerere University. The audit reviews such issues as raw material use, atmospheric emissions, water protection, solid waste, noise, transportation and their contribution to socio-economic enhancement. The report confirmed MTN's compliance with the required environmental standards, and lauded the company's positive contribution towards economic development and improved quality of life. MTN Uganda respects environmental concerns expressed by its stakeholders. A designated group convenes every quarter to discuss the latest research findings regarding the possible harmful effects of electromagnetic frequency ("EMF") emissions and the company is committed to informing its stakeholders of any developments.

The company adheres to international benchmark tolerance levels for emissions of certain gases in the telecommunications industry, as well as to relevant South African standards. Generators are serviced and refuelled by a reputable local company to ensure minimal leakages into the soil. The company received one environmental complaint during the review



period regarding noise pollution. A silencer was subsequently installed and an enclosure built for the relevant generator.

MTN promotes the use of electronic airtime vouchers and scratch-cards made of biodegradable material. Collection bins are placed at MTN outlets for used airtime cards. The company is looking to include handset recycling in its environmental policy.

Corporate social investment programme

MTN Uganda pursues an active corporate social investment programme. During the reporting period, the company spent R907 000 in a variety of projects. These included initiatives for rural development, job creation, and HIV/AIDS prevention. MTN Uganda sponsored the construction of two schools this year

Case study: MTN Uganda building houses, connecting people ...

Under the theme of “Building Houses, Connecting People”, over the past five years, in partnership with Habitat for Humanity Uganda (“HFHU”) – a division of the non-profit, nondenominational Christian housing organisation Habitat for Humanity International (“HFHI”) – MTN Uganda has sponsored the construction of over 250 low-cost houses for deprived Ugandan families in rural communities around the country. The HFHU operations are currently spread throughout 18 districts and 43 communities, mainly in Eastern, Western and Central Uganda.

The project is an ongoing corporate social responsibility programme and a model of sustainability. While MTN has agreed to sponsor the construction of 20 houses each year, the company also indirectly contributes towards the construction of many houses all over Uganda. This is because the houses – which cost approximately \$1 500 each to build – are sold to low-income earners who then pay off the purchase over a period of seven to ten years in monthly instalments of approximately \$8. The mortgage payments are re-invested to build additional houses. The project relies on homeowners and volunteers to build the houses under trained supervision. MTN employees are involved in the construction process – mixing mortar, carrying bricks, laying the bricks, and so forth. To date, MTN Uganda has been documented as HFHI’s biggest corporate sponsor in Africa. MTN has also initiated a partnership with a local solar power company (Ultra Tech) to provide lighting to some of the completed houses. The initial beneficiaries are homeowners who have paid off their mortgage, or are about to complete their payments. This scheme will be progressively extended to benefit other families.



MTNers in collaboration with Habitat for Humanity involved in the construction process.

Operational performance

– MTN Uganda *continued*

and staff participated in the painting and furnishing of classrooms. MTN Uganda is a partner in the Uganda Connect Schools Project, providing connectivity (fixed-line/wireless/GSM) to 40 targeted schools this year. MTN Uganda sponsors a number of sporting and musical education activities aimed at

former street children. The company contributes one percent of turnover to the Rural Communications Development Fund administered by the Uganda Communications Commission. Other beneficiaries include the Red Cross for Northern Uganda and the Uganda Wildlife Authority.

Addressing stakeholder concerns

MTN Uganda is committed to addressing and communicating on the following issues identified by stakeholders:

- *Focused strategies in anticipation of additional competition after 2005*
- *Tariff structures and efforts to introduce innovative products and quality services*
- *Continuous review of policies and procedures for all functions to assess continued relevance and effectiveness*
- *Evidence of MTN Uganda's commitment to investing in training and technology*
- *Efforts to promote the re-use of handsets and develop handset recycling initiatives*
- *Regular environmental audits and implementation of an explicit environmental management strategy, with a view to achieving ISO 14001 certification*
- *Reducing noise output from generators and investigating possible use of solar power*



Okumu James Onyango, solar phone owner, Uganda.

Operational performance

– MTN Rwanda

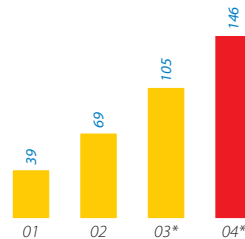


Performance highlights

As at 31 March 2004:

- Subscriber numbers of 146 000 up from 105 000 in March 2003, representing a 39% increase
- ARPU of US\$22
- Introduction of four franchises and a customer relationship management (“CRM”) sub-forum
- Network coverage in all major towns in the 12 provinces
- Vigorous network expansion into rural areas
- Introduction of the Village Community Phone project

Subscriber base
(’000)



Market information

Population	8,7 million
Mobile penetration	1,2%
Mobile market share	100%

Operational information

Pre-paid/post-paid mix	98%/2%
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* Including Supercell: 2004 – 40 000 (2003: 26 000)

Financials

	2004 Rm	2003 Rm
Revenue	242	280
EBITDA	108	130
PAT	51	60

MTN Rwanda is in its sixth year of operation as the sole mobile service provider in Rwanda. The network is being progressively expanded to more remote rural parts of the country with 77 base stations covering the 12 provinces. The subscriber base has steadily grown to over 146 000. MTN Rwanda remains the most prominent brand in the country.

The company is committed to maximising shareholder value through the delivery of quality, innovative telecommunication products and services while playing a leading role in the socio-economic development of the country.

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 in the prevention of fraud and corruption.

Operational performance

– MTN Rwanda *continued*

Contributing to the socio-economic development of Rwanda

Cellular services have become an indispensable communication tool in Rwanda; before MTN's arrival five years ago, there were only 20 000 fixed telephone lines. MTN is currently focusing on expanding its network into more remote areas of the country, putting telecommunications within reach of 95% of the population living in rural areas. MTN's 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 exhibitions, sport sponsorships and a local bus company.

Payments to government during the year amounted to more than R24 million for licence fees, direct and indirect taxes.

MTN Rwanda's exclusivity period has ended and it is expected that a competitive mobile operator will be introduced shortly.

Customer service

MTN Rwanda has established a network of dealers across the country, with various outlets offering a wide range of cellular phones and accessories to customers. A franchise programme has been introduced to rapidly expand our operations throughout the country. Four franchises have been launched, with a demonstration centre in each town. The MTN Rwanda call centre was moved to a quieter area and upgraded with advanced technology and software, and additional resources. Training in customer care is provided for call centre staff and



Service centre, Kigali, Rwanda.

dealers. The billing system for post-paid subscribers has been upgraded and a CRM sub-forum has been established in MTN Rwanda's quest to build and develop strong relationships with business subscribers.

Tariff structures

The issue of tariffs is of great interest to many stakeholders and MTN Rwanda recognises the need to communicate further with its stakeholders and manage perceptions in this regard. The high costs associated with maintaining and expanding the network and improving customer service, including import taxes, have an impact on tariffs. MTN Rwanda strives to streamline its operating costs to provide the most affordable services.



Investing in our staff and business partners

MTN Rwanda is committed to building capacity and skills among Rwandan nationals and to implementing a policy of localisation in its recruitment and succession policies. Currently, 99,5% 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. During the reporting period, a revision of the performance management system was in progress, in line with the MTN Group's drive to standardise monitoring and reporting systems across its operations.

Health, safety and environmental issues

MTN Rwanda is reviewing its internal systems to implement a formalised approach to health, safety and environmental management. During the period there were no serious environmental complaints. The company recognises the need for concerted efforts to develop internal HIV/AIDS awareness initiatives and support structures, while acknowledging the need to respect cultural sensitivity. An HIV/AIDS policy based on that of MTN South Africa is being localised and will be communicated to staff.

During the year, MTN Rwanda was advised by MTN South Africa on implementing network policies and

Addressing stakeholder concerns

MTN Rwanda is committed to addressing and communicating on the following issues identified by stakeholders:

- *Billing strategies and possible plans to reduce tariffs*
- *Focused strategies in anticipation of competition*
- *Nature of activities to develop skills in the local Information Technology (IT) sector*
- *General data on social and environmental impacts*
- *Efforts to improve network congestion and down-time*
- *Evidence of MTN Rwanda's commitment to investing in training and technology*
- *Possible plans to introduce recycling initiatives*

A new MTN outlet, part of a network of dealers across Rwanda.



Operational performance

– MTN Rwanda *continued*

procedures. Systems have subsequently been put in place to monitor and measure environmental impacts against a clear set of objectives and targets.

Corporate social investment programme

MTN Rwanda continues to focus its corporate social investment on a range of sustainable projects that contributes to the socio-economic development of the country. During the year under review, the company committed R1,7 million to projects such as sponsoring secondary school students in each of the 12 provinces and assisting with the construction of roads. MTN Rwanda is a significant sponsor of sporting activities that have an important beneficial impact on local communities. Other investments

include supporting the rural women's networks initiatives and enhancing ICT skills through the provision of computers to organisations. MTN Rwanda sponsors several socially-orientated sports programmes and is a principal sponsor of the first public library in Kigali. The attractive and well-maintained MTN roundabout in Kigali is a highly popular public venue, particularly for wedding photos.

For three years now, the company has provided the national police with a toll-free emergency line from a mobile phone, and sponsored the organisation of regional trade exhibitions to promote the products and services of local farmers.

An MTN Foundation will be established in the next financial year.

Case study: MTN Rwanda Village Community Phone project

In February 2004, MTN Rwanda began the roll-out of the highly successful payphone service, locally dubbed "Tuvugane" which literally means "we can all talk".

The Tuvugane initiative, otherwise known as the village community phone project, is part of MTN Rwanda's drive to increase teledensity in rural areas throughout the country. For those who cannot afford a mobile handset, the new service puts telecommunications within their reach for the first time.

The Tuvugane phone was specifically designed to serve the rural market. Rural entrepreneurs rely on micro-financing assistance to purchase the Tuvugane phone and start a personal business of selling airtime units to the local community. MTN Rwanda subsidised the sale of the first 100 phone units.

The Tuvugane handset is manufactured by a South African company and was designed for challenging rural conditions. Although the phone looks like a fixed-line phone, it is mobile and uses a GSM SIM card with a small antenna. The unit can be powered by solar energy if electricity is unavailable. Each phone comes with a SIM card and 20 000 Rwandan francs worth of airtime units.

"This indeed is a great moment for our business," a local farmer said at the launch of the project. "It will help me and fellow farmers to monitor the trend in prices for our potatoes, especially in the urban areas."

A representative of the Rwanda private sector tries out a phone at the project launch.



Operational performance

– MTN Swaziland

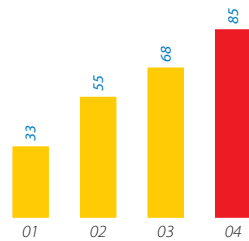


Performance highlights

As at 31 March 2004:

- Subscribers total 85 000, representing a 25% increase since 31 March 2003
- Revenue increased by 21% underpinned by a stable network
- Profits after tax rose 33%
- ARPU of US\$31

Subscriber base
(’000)



Market information

Population	1,1 million
Mobile penetration	7,7%
Market share	100%

Operational information

Pre-paid/post-paid mix	96%/4%
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Financials

	2004 Rm	2003 Rm
Revenue	233	194
EBITDA	107	85
PAT	53	39

MTN Swaziland is mid-way through its ten-year exclusive cellular licence period. The company’s network now provides geographic coverage of 78% of Swaziland and population coverage of 88%. The local market is approaching maturity, with mobile penetration currently at 7,7%. MTN Swaziland has 66 base stations and 100 payphones installed around the country. The company has established itself as a responsible leader in corporate social responsibility and is committed to acting as a positive agent for change.

Corporate governance

The company’s corporate governance practices are guided by the Board of Directors and by Group requirements. A Code of Ethics was issued in 2003, and a fraud policy is in place. MTN Swaziland takes a strong position on corruption, which is a dismissible offence.

Operational performance

– MTN Swaziland *continued*

Contributing to Swaziland's socio-economic development

Cellular services have made a significant difference to communications in a country where the local fixed-line network now has a lower penetration than that of the mobile operator. MTN Swaziland is expanding its services throughout the country, even in areas with no existing communications infrastructure. Increased access to telephony in rural areas has provided communications for the first time in some areas and created new business opportunities for phone centre operators, as well as generally stimulating business development. MTN Swaziland believes in local empowerment through local procurement where it makes business sense. The company has joined forces with a number of NGOs to provide financial and technical support on a range of issues including water infrastructure projects and small-scale entrepreneurship.

MTN Swaziland's tax and licence fee payments for the year amounted to R3,3 million.

Tariff structures

Tariffs remain a prominent issue of interest to many of our stakeholders. MTN Swaziland reduced the rate of its SIM cards and access fee card this year. When discussing tariffs, it is important to understand that there is considerable expenditure involved in maintaining and developing the infrastructure and system requirements to ensure reliable, quality network and customer services. It is also important to consider tariffs in the context of the significant benefits that MTN's activities have had on Swaziland, in terms of direct and indirect job creation, increased government revenue and enhanced opportunities for large and small businesses.

Commitment to customers

MTN Swaziland is committed to providing reliable and affordable products and services, and efficient customer service. The company has extended its coverage to most geographic areas within Swaziland to bring communications in reach of the rural population. It has improved the efficiency of its call centre and made efforts to improve the quality of connections and reduce network congestion to negligible levels.

Investing in our staff

There has been considerable development at a senior level within MTN Swaziland, with the appointment of a new chief executive officer, chief financial officer and chief technical officer. There are currently 74 full-time employees, 16 contractors and no expatriates. MTN Swaziland is committed to staff development and is focused on building brand and staff loyalty. It has a notional share incentive scheme for employees. A consultative forum is in place to enhance the level of communication within the company.

Health, safety and environmental issues

The company operates a health and safety policy with 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 and meetings occur quarterly. There have been no work-related fatalities at MTN Swaziland since the operation's inception.

MTN Swaziland was the first company to advertise health, safety and emergency messages on billboards



and has encouraged other corporates to follow suit. MTN Swaziland has a draft HIV/AIDS policy based on the Group policy, which will be implemented and communicated to staff by September 2004. The office is looking at the establishment of a HIV/AIDS programme to deal with the issues of education and training, voluntary HIV/AIDS counselling and testing, and the elimination of unfair discrimination. The programme will be applicable to all employees and, where possible, includes their dependants.

MTN Swaziland is implementing an environmental policy based on that of the MTN Group whilst taking into account existing local environmental policies.

Corporate social investment

Social responsibility is an area where private sector companies can make a significant difference in Swaziland. The promotion of HIV/AIDS awareness, water availability and rural electrification, as well as rural infrastructure development, is key to the

Addressing stakeholder concerns

MTN Swaziland is committed to addressing and communicating on the following issues identified by stakeholders:

- *Tariff and billing structures*
- *Plans to develop product and service offering*
- *Implementation of adequate systems to make effective conversion to per-second billing*
- *Service interruptions and quality of connections*
- *Improve subscriber complaints management system*
- *Managing perceptions of the company's activities*
- *Training staff and local skills development*
- *Gender equity in the workplace*
- *Increasing level of outsourcing to local suppliers*
- *Demonstration of commitment to Swaziland through CSI projects*
- *HIV/AIDS awareness initiatives*



Minister of Tourism, Environment and Communication, Ms Thandi Shongwe (centre) flanked from left to right by MTN Swaziland Chairman of the Board Mr David Dlamini, Principal Secretary Mr Mduuzi Magogo, MTN Swaziland CEO Mr Themba Khumalo, Under-secretary Princess Gcebile and management team.

Operational performance

– MTN Swaziland *continued*

future development of the country. MTN Swaziland contributes financially to the national HIV/AIDS awareness campaign and works in conjunction with NGOs to address concerns within the broader community.

In accordance with its licence obligations, MTN Swaziland invests significant profits back into the local community. The company plans to adopt a rural school and provide a computer laboratory with refurbished computers. This project will be implemented through the national Computer Education Trust, which was established to improve computer literacy at rural high schools in the country.

Sponsorship of local soccer is extensive and an ongoing focus area.

A more focused and long-term commitment to CSI is being considered with the objective of increasing our contribution and promoting awareness of the positive role played by the company in social investment activities.

During the reporting period, the company invested R589 000 in CSI projects.

Case study: MTN Swaziland Golf Academy

MTN's CSI programme also aims to make a meaningful contribution towards sports development. To this end, MTN Swaziland Golf Academy is playing an important role in creating opportunities for young people to receive coaching and participate in the sport. During the reporting period, MTN's sponsorship of the Golf Academy amounted to R66 000.

Nobuhle Dlamini (photo) is one of two beneficiaries of the Golf Academy who will be representing Swaziland in the British Junior Open Championship to be held in Scotland in July 2004. Thirteen year-old Nobuhle was the only girl to qualify for entry into the girl's category of the sixth Junior Open Championships 2004.



MTN Group Limited Sustainability Report 2004



Performance tables

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This section summarises key indicators for the Group's sustainability performance



Performance tables

Note: the period under review is the financial reporting period, from 1 April 2003 – 31 March 2004

Sustainability performance for the MTN Group				
Data parameter	Units	2003/2004	2002/2003	2001/2002
ECONOMIC PERFORMANCE				
Financial indicators (MTN Group)				
Revenue	Rm	23 871	19 405	12 432
EBITDA	Rm	8 983	6 217	3 765
Profit before tax	Rm	5 413	2 910	1 456
Total tax paid	Rm	921	(684)	(908)
Profit after tax	Rm	4 312	2 223	548
Adjusted headline earnings per share	cents	253,1	143,3	71,3
Dividends per share	cents	41	–	–
Employee payroll and benefits	Rm	1 096	964	826
Social (MTN Group)				
Total permanent staff numbers	No	4 844	4 275	
Procurement expenditure on BEE	Rm	647	500	
Percentage workforce represented by independent trade union	%	–	–	
Percentage person-days lost to industrial action, compared to total person-days worked	%	–	–	



Key indicators for individual MTN operations

(Year ending 31 March 2004)

	Units	MTN South Africa*	MTN Nigeria	MTN Cameroon	MTN Uganda**	MTN Rwanda**	MTN Swaziland**
ECONOMIC PERFORMANCE							
Revenue	Rm	15 199	6 973	1 069	917	242	233
Local procurement (total cost of goods materials and services and services purchased from local/BEE suppliers)	Rm	647	2 604	652	662	451	23
Total taxes paid	Rm	1 526	788	157	219	44	5
Government subsidies received	Rm	none	none	none	none	none	none
Employee payroll, benefits and taxes	Rm	764	241	51	56	23	21
Corporate social investment	Rm	22	29	4,7	***	1,7	***
TOTAL SUBSCRIBERS							
– 31 March 2004 ('000)	No	6 270	1 966	581	495	146	85
– 1 April 2003 ('000)		4 723	1 037	431	363	105	68
TELEDENSITY							
Mobile penetration	%	36	3,1	6,7	3,1	1,2	7,7
Number of base stations	No	4 245	839	219	257	77	66
STAFF NUMBERS							
TOTAL	No	3 462	1 618	343	378	172	90
Permanent (and local for MTN Int)	No	2 349	1 599	292	375	155	74
Part-time employment/ contract	No	1 113	19	51	3	17	16

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

** Data reflects 100 % of the operation.

*** Amounts under R1 million (Uganda R907 000; Swaziland R589 000).

Performance tables

continued

MTN Group South Africa – Employment Equity figures (years refer to financial reporting period)

Table 1	Board members		Group executives		General managers		Management and consultant		General staff	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Black (number) (African, Coloured and Asian)	6	8	9	11	16	12	106	100	1 315	1 331
(% of total)	(46)	(72)	(53)	(61)	(43)	(38)	(35)	(32)	(68)	(67)
Women (number)	3	1	4	4	8	8	77	74	852	906
(% of total)	(23)	(9)	(24)	(22)	(22)	(25)	(25)	(24)	(44)	(45)

Table 2		Male					Female					Total	Diversity index ABC %	Designated %
		African	Indian	Coloured	White	Total male	African	Indian	Coloured	White	Total female			
Date														
31 March 2004	MTN SA total MTN Group total (Total for the Group's South African based entities)	406	179	157	460	1 202	295	111	168	277	851	2 053	64,10	77,59
		445	194	172	534	1 345	322	127	186	306	941	2 286	63,25	76,64
31 March 2003	MTN SA total MTN Group total (Total for the Group's South African based entities)	410	163	165	492	1 230	309	115	165	307	896	2 216	62,42	76,86
		445	181	176	558	1 360	336	130	186	340	992	2 352	61,82	76,28
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.												



Key

- ✓ Sufficient disclosure
- Partial disclosure
- ✗ No disclosure
- NA Not applicable

Global Reporting Initiative (GRI) Content Index			
Reporting Elements and Performance Indicators		Status	Reference in MTN Report
– 2002 GRI Guidelines			
VISION AND STRATEGY			
1.1	Group's vision and strategy regarding sustainable development	✓	Understanding sustainable development
1.	CEO Statement describing key elements of the report	✓	Message from the Group CEO
PROFILE			
2.1	Name of reporting organisation	✓	About MTN's Sustainability Development Report
2.2	Major products and services	✓	MTN at a Glance Business Report
2.3	Operational structure	✓	Business Report
2.4	Major divisions, operating companies, subsidiaries, and joint ventures	✓	Business Report
2.5	Countries in which the organisation's operations are located	✓	Review of Operations
2.6.	Nature of ownership; legal form	✓	Business Report
2.7.	Nature of markets served	✓	Business Report
2.8	Scale of the organisation	✓	Business Report
2.9	List of stakeholders	✓	Stakeholder Engagement
2.10	Contact person	✓	About MTN's Sustainability Development Report
2.11	Reporting period	✓	About MTN's Sustainability Development Report
2.12	Date of most recent previous report	✓	About MTN's Sustainability Development Report
2.13	Boundaries of report	✓	About MTN's Sustainability Development Report
2.14	Significant changes in size, structure, ownership, or products/services since previous report	✓	Business Report
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, and outsourced operations	✓	About MTN's Sustainability Development Report
2.16	Explanation regarding restatement of information in earlier reports	NA	Not applicable
2.17	Decisions not to apply GRI principles or protocols	NA	Not applicable
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	NA	Not applicable
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	NA	Not applicable
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	NA	Not applicable

Performance tables

continued

Global Reporting Initiative (GRI) Content Index <i>continued</i>		
Reporting Elements and Performance Indicators		
– 2002 GRI Guidelines	Status	Reference in MTN Report
2.21 Policy and current practice with regard to providing independent assurance for the full report	NA	Not applicable
2.22 Availability of additional information and reports	✓	About MTN's Sustainability Development Report
GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS		
3.1 Governance structure, including major board committees	✓	Business Report
3.2 Percentage of the board of directors that are independent, non-executive directors	✓	Business Report
3.3 Process for determining the board members expertise	✓	Business Report
3.4 Board-level processes for overseeing economic, environmental, and social risks and opportunities	✓	Business Report
3.5 Linkage between executive compensation and achievement of goals	✓	Business Report
3.6 Organisational structure and key responsibilities	✓	Business Report
3.7 Mission and values statements and codes of conduct	✓	Business Report
3.8 Mechanisms for shareholders to provide recommendations to the board	✓	Business Report
3.9 Major stakeholders	✓	Stakeholder Engagement
3.10 Approaches to stakeholder consultation	✓	Stakeholder Engagement
3.11 Type of information generated by stakeholder consultations	✓	Stakeholder Engagement
3.12 Use of information resulting from stakeholder engagements	✓	Stakeholder Engagement
3.13 Implementation of the precautionary approach	➤	Environmental Performance
3.14 Externally developed, economic, environmental, and social charters	➤	Various charters and initiatives referred to throughout the report
3.15 Memberships in industry and business associations	➤	Various associations referred to throughout the report
3.16 Policies and/or systems for managing upstream and downstream impacts	✓	Relevant activities referred to in various parts of the report
3.17 Approach to managing indirect economic, environmental, and social impacts	➤	Relevant activities referred to in various parts of the report
3.18 Decisions regarding the location of, or changes in, operations	✓	Business Report
3.19 Programmes and procedures pertaining to economic, environmental, and social performance	✓	Economic, Social and Environmental Performance



Global Reporting Initiative (GRI) Content Index *continued*

Reporting Elements and Performance Indicators – 2002 GRI Guidelines		
	Status	Reference in MTN Report
3.20 Status of certification pertaining to economic, environmental, and social management	➤	Environmental Performance
ECONOMIC PERFORMANCE INDICATORS		
EC1 Net sales	✓	Performance Tables Business Report Review of Operations
EC2 Geographic breakdown of markets	✓	Detail in Annual Financial Report See also Review of Operations
EC3 Cost of all goods, material, and services purchased	✓	Detail in Annual Financial Report
EC4 Percentage of contracts paid in accordance with agreed terms	✗	This data not sufficiently monitored
EC5 Total payroll and benefits	✓	Performance Tables Business Report
EC6 Distributions to providers of capital	✓	Performance Tables Business Report
EC7 Increase/decrease in retained earnings at end of period	✓	Business Report
EC8 Total sum of taxes of all types paid broken down by country	✓	Performance Tables Operational Review
EC9 Subsidies received broken down by country or region	✓	Performance Tables (Reported at Group level only)
E10 Donations to community, civil society, and other groups	✓	Review of Operations
ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1 Total materials use other than water, by type	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN2 Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation	✗	This data is currently not sufficiently monitored
EN3 Direct energy use segmented by primary source	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN4 Indirect energy use	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN5 Total water use	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)

Performance tables

continued

Global Reporting Initiative (GRI) Content Index <i>continued</i>		
Reporting Elements and Performance Indicators		
– 2002 GRI Guidelines	Status	Reference in MTN Report
EN6 Land owned, leased, or managed in biodiversity-rich habitats	X	This data is currently not formally gathered. Procedures are in place to minimise impacts on these areas
EN7 Major impacts on biodiversity	✓	Environmental Performance
EN8 Greenhouse gas emissions	X	This data is currently not sufficiently monitored as not deemed sufficiently material
EN9 Use and emissions of ozone-depleting substances	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN10 NOx, SOx, and other significant air emissions by type	X	This data is currently not sufficiently monitored as not deemed sufficiently material
EN11 Total amount of waste by type and destination	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN12 Significant discharges to water by type	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN13 Significant spills of chemicals, oils, and fuels	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN14 Significant environmental impacts of principal products and services	✓	Environmental Performance
EN15 Percentage of the weight of products sold that is reclaimable	➤	Environmental Performance (full quantitative data not provided as not deemed sufficiently material)
EN16 Incidents of and fines for legal non-compliance	✓	Environmental Performance
SOCIAL PERFORMANCE INDICATORS		
Labour Practices and Decent Work		
LA1 Breakdown of workforce	✓	Social Performance (Group level) Performance Table (Operations)
LA2 Net employment creation and average turnover segmented by region/country	➤	Social Performance (Group level only)



Global Reporting Initiative (GRI) Content Index *continued*

Reporting Elements and Performance Indicators		
– 2002 GRI Guidelines	Status	Reference in MTN Report
LA3 Percentage of employees represented by independent trade unions	✓	Social Performance (Group level) Performance Table (Operations)
LA4 Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations	✓	Social Performance
LA5 Occupational accidents and diseases	✓	Social Performance
LA6 Joint health and safety committees	✓	Social Performance
LA7 Standard injury, lost day, and absentee rates and number of work-related fatalities	➤	Social Performance (Group level) Performance Table (Operations)
LA8 Description of policies or programmes on HIV/AIDS	✓	Social Performance
LA9 Average hours of training per year per employee by category of employee	➤	Social Performance (Group level)
LA10 Equal opportunity policies or programmes	✓	Social Performance Performance Table
LA11 Composition of senior management and corporate governance bodies	✓	Social Performance Performance Table
Human Rights		
HR1 Policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights	➤	Social Performance (General reference only)
HR2 Consideration of human rights impacts as part of investment and procurement	➤	Social Performance (General reference only)
HR3 Policies and procedures to address human rights performance in the supply chain	➤	Social Performance (General reference only)
HR4 Policy and procedures/programmes preventing all forms of discrimination	➤	Social Performance (General reference only)
HR5 Freedom of association policy	✓	Social Performance Performance Table
HR6 Policy excluding child labour	➤	Social Performance (General reference only)
HR7 Policy to prevent forced and compulsory labour	➤	Social Performance (General reference only)

Performance tables

continued

Global Reporting Initiative (GRI) Content Index <i>continued</i>			
Reporting Elements and Performance Indicators – 2002 GRI Guidelines			
	Status	Reference in MTN Report	
Society			
SO1	Policies to manage impacts on communities in areas affected by activities	➤	Social Performance Operational Review
SO2	Policy and procedures addressing bribery and corruption	✓	Corporate Governance and Risk Management
SO3	Policy and procedures for managing political lobbying and contributions	✓	Corporate Governance and Risk Management
Product Responsibility			
PR1	Policy for preserving customer health and safety during use of products and services	✓	Social Performance Environmental Performance
PR2	Policy and procedures related to product information and labelling	➤	Various customer information initiatives described in Operational Review section
PR3	Policy and procedures for consumer privacy	X	Not addressed in depth

MTN 2004 Sustainability 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 2004 Sustainability Report or our sustainability performance in general.

What is the nature of your relationship with MTN:

- MTN employee MTN shareholder MTN Subscriber MTN supplier
NGO employee Government official Journalist Financial analyst
Other (please specify)

From which country are you?

- Cameroon Rwanda Swaziland
Nigeria South Africa Uganda

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 | Poor |
|------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1) Content | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2) Design | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

May we quote your comment in future? Yes No

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

ADDRESS DETAILS ON THE REVERSE SIDE HEREOF

Please forward your comments to
MTN Group Corporate Affairs on:

Fax (+27 11) 301 6516 or
E-mail sustainability@mtn.co.za or
Mail using the enclosed reply paid envelope
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MTN

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