



## SUSTAINABILITY FREQUENTLY ASKED QUESTIONS

### SUSTAINABILITY OVERALL

#### 1. Does MTN have a sustainability or ESG strategy?

In alignment with the company's Ambition 2025 strategy, MTN has placed 'creating shared value' as a strategic priority supported by vital enabler of 'ESG at the Core'. Our four-pillar sustainability strategy framework outlines our vision of creating shared value through responsible environmental, social and governance practices. We deliver on this vision of driving broader socioeconomic benefits to society through our four-pillar sustainability strategy framework. In addition to ESG, our framework includes creating economic value. In 2021, we refined our sustainability strategy across the four pillars, outlining bold commitments for each pillar. Our 2025 goals and targets support our role as an UN SDG enabler.

#### 2. Does the company have ESG KPIs, and are they linked to executive remuneration?

We have developed a holistic set of ESG metrics which are aligned to our Sustainability Strategic Framework. MTN Group has linked the remuneration of senior executives with the Group's environmental, social and governance (ESG) targets. The variable elements of executive compensation – both short-term incentives (STIs) and long-term incentives (LTIs) – now depend on progress on three ESG goals: reaching Net Zero; enhancing diversity and inclusion; and extending rural broadband. These ESG metrics will be measured over the three-year measurement period with a 25% vesting at threshold value (kick-in); 100% vesting at 100% of target; and a straight-line vesting between the kick-in and target rate.

#### 3. How is Sustainability governed in MTN?

Governance at MTN is structured in line with best practice. In 2021, we evolved the operational governance framework and structure to better align with Ambition 2025. The Social and Ethics Committee has oversight of sustainability strategic ambitions, progress and milestones. In 2021, we re-examined our committees' mandates, mainly to give effect to oversight obligations arising from sustainability imperatives and to address overlaps in committee activities. The committee was renamed the Social, Ethics and Sustainability Committee.

To reinforce the implementation of our strategic priority to create shared value and the integration of environment, social and governance at the core of our business, Nompilo Morafo was appointed as the Group Chief Sustainability & Corporate Affairs Officer as of February 2022, a position which directly reports to MTN's Group President and CEO, Ralph Mupita. This new Exco position reflects the step change we at MTN have taken in our approach to sustainability. The role's main areas of focus are on decarbonising; rural connectivity; greater diversity and inclusion; enhanced stakeholder management; and protecting digital human rights.



**4. MTN has experienced significant improvement within ESG raters and rankers, what would you attribute this towards?**

In the year under review, we have significantly improved our accomplishments across all ESG ratings. We have outperformed peer and industry averages, an achievement that reflects our dedication to ESG at the core strategic intent. We also continuously engage with ESG rating agencies to enhance our ESG performance.

We have been recognised for our improvements in the following areas: 1) Improvements in GHG emissions (Scope 1, 2 and 3) measurement, processes and governance for all MTN operations under our control and across our value chain; 2) our robust labour management policies, competitive remuneration and employee development; and 3) improvements in our Group Board independence, structure and female representation.

## **ENIRONMENT**

**1. What is MTN's emissions profile like, where do you see the greatest emissions coming from?**

Our emissions profile, MTN's Scope 1 and Scope 2 emissions decreased by ~16% for 2021 compared to 2019. Scope 1 emissions decreased by 34% and Scope 2 emissions decreased by 8% for 2021 compared to 2019. Our operating companies have implemented carbon and energy reduction initiatives which attribute to the reductions in Scope 1 and Scope 2 emissions.

Year on year from 2019 to 2020, BTS sites remain the largest contributor for Scope 1 and Scope 2 emissions, as they utilise a significant amount of electricity and diesel. South Africa (59%) and Nigeria (10%) are the highest contributors for Scope 1 and Scope 2 emissions for 2021 as they are MTN's two largest markets and have extensive network coverage. The majority of MTN's energy consumption is from electricity (51%) and diesel (46%) as these sources are predominately used in the BTS sites, buildings and data centres.

Scope 3 makes up the bulk of our emissions. In 2021, we undertook a Scope 3 materiality assessment in 2021 to better understand the emissions across our value chain. Through our supplier engagement programme, we are focused on improving our Scope 3 emissions.

**2. How does MTN intent to meet its Net Zero ambition by 2040 ambition?**

In 2021, we took decisive steps towards our commitment to achieve Net Zero by 2040. This included improving our GHG emission measurement methodologies, developing Net Zero strategies for key operating companies, and engaging with various partners to reduce our emissions throughout the supply chain. We also worked on various technology requests for proposals (RFP) to introduce new suppliers into our supplier network who offer our operating companies more sustainable technology alternatives.



We are currently focused on defining and executing against our decarbonisation road map for our material emissions operations. We are also identifying more green and clean infrastructure technologies and suppliers. We are working with KPMG in creating the roadmap and ensuring our Net Zero strategy and programme is comprehensive from a third-party perspective.

**3. What types of approach and solutions is MTN looking into to achieve its Net Zero ambition?**

We launched our Project Zero programme to leverage the latest technologies and service partners to enable business sustainability via greater energy efficiencies, low carbon emissions, risk reduction and cost control. The programme prioritises renewable solutions, efficient emerging technologies and energy storage.

**4. How important is energy efficiency in achieving your targets and what will you focus on?**

We believe in extracting greater efficiencies from our infrastructure and facilities and replacing inefficient and old products with more efficient solutions. It's one of the reasons we are working on a circular economy programme aimed at keeping resources in use for as long as possible, extracting the maximum value from them while in use, then recovering and regenerating products and materials at the end of each service life. We continue to focus on ensuring our base station and data centre sites are as efficient as possible and where possible, are powered by renewable energy sources.

**5. MTN operates in many countries across Africa and the Middle East, each with their own electricity grids and market rules. How much of an issue do you think this will be in the switch to renewable electricity? Will off-grid solutions be very important?**

Our energy sources are predominantly diesel and power from national grids (including grids powered by fossil fuel sources, hydro power and others) across our markets. As the International Renewable Energy Agency (IRENA) has pointed out - the transition to renewable energy in Africa has been progressing impressively over the last decade, with many countries working to increase renewable energy capacity in recent years. We are finding more and more countries adapting policies and regulations to cater for this evolution in the energy mix.<sup>1</sup>

Given the variable conditions and energy supply challenges in many of our markets, each of our operations have set individual energy management approaches. This ensures that customised outcomes suitable for local operating conditions are implemented. As a company, we also co-generate and self-generate some power from gas, solar and hybrid solutions.

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<sup>1</sup> <https://www.un.org/africarenewal/magazine/january-2021/push-renewables-how-africa-building-different-energy-pathway>



We also believe that it's critical to keep identifying partners with innovative, low carbon and renewable energy solutions such as on-site hydrogen generation, solar, wind, fuel cell, hybrid, and so forth.

**6. Are you already engaging your suppliers on your Net Zero ambition?**

We are continuously engaging with our suppliers on Scope 3 emissions and our road to Net Zero ambition. In 2021, 208 Group-wide suppliers have pledged to join MTN's road to Net Zero to reduce Scope 3 emissions, exceeding our initial target of 150 Group-wide suppliers. 134 suppliers have set targets, including those that account for 38% of the Group's supplier spend which we view as a positive sign and a testament of their commitment to play their part in MTN's Net Zero ambition.

**7. Are MTN's Net Zero targets verified by the SBTi?**

In 2021, our Group President and CEO Ralph Mupita signed a pledge with the SBTi which formally commits the MTN Group to a Net Zero ambition. MTN Group's targets for Scope 1, Scope 2 and Scope 3 are currently in the process of being submitted to SBTi for validation in 2022.

**8. What are your views on the recent criticism of SBTi?**

In response to the Corporate Climate Responsibility Monitor (CCRM) report, we believe this type of scrutiny and engagement is critically important to encourage meaningful action on climate change. Corporate target setting is an evolving practice. Methodologies are being discussed and debated, and best practices will continue to evolve in response to the SBTi framework, the CCRM report, and other initiatives.

MTN is in the process of submitting and validating its targets which were developed in line with Science Based Target Initiative (SBTi) guidance and recommendations for the Information and Communications Technology (ICT) sector. Science-based targets (SBT's) provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. MTN believes that setting SBT's makes business sense as it future-proofs growth, saves money, provides resilience against regulation, boosts investor confidence, spurs innovation and competitiveness – while also demonstrating concrete sustainability commitments to increasingly-conscious consumers.

**9. Has MTN improved its CDP rating?**

MTN has been committed to sharing climate-related data since 2014 and has steadily progressed on this journey. In 2021, MTN Group moved to a B- rating for the CDP climate change, which falls within the management band, indicating that MTN is taking coordinated action on climate issues after receiving a C rating for the past seven years. In addition, we have improved significantly in the supplier engagement category of our CDP by receiving a B rating for our supplier engagement. We are pleased that our rating is higher than the average rating in Africa of B-, and on par with the media, telecommunications, and data centre services industry rating.



Our CDP supplier engagement rating improvement is attributed to our ability to engage the value chain, set targets, and manage and disclose risks. In 2021, we actively engaged our suppliers and incentivised the reduction of carbon emissions which will result in the reduction of future Scope 3 emissions. We aim to continue to improve our CDP scoring further going forward.

#### **10. Is MTN a TCFD supporter?**

In February 2022, MTN became a Task Force on Climate-Related Financial Disclosures (TCFD) supporter, affirming that we believe that the TCFD recommendations provide a useful framework to increase transparency on climate-related risks and opportunities. By publicly declaring support for the TCFD and its recommendations, we intend to demonstrate the actions we are taking to build a more resilient financial system through climate-related disclosure. We are also committed to aligning with the TCFD recommendations to build a resilient financial system for the future as well as inform insurance underwriting decisions.

#### **11. Does MTN have a climate change Board member?**

MTN Group Board appointed Nkululeko Sowazi, MTN's Social, Ethics and Sustainability Chairman, as a designated climate change Board member responsible for climate change-related issues.

### **SOCIAL**

#### **1. What are MTN's targets where gender diversity is concerned?**

We have three priorities that we are focused on to drive gender diversity. Firstly, to achieve gender equity by no later than 2030, with a target of 50% women in the workforce, from a 2021 base of 39% in 2021. Our efforts on gender equity extend to the executive leadership groups and the boards within our governance structures. Secondly, higher representation of women within technology roles, with a goal of at least 30% by 2030, off an existing base of 17% in 2021. Thirdly, to close the gender pay gaps we have across our businesses.

#### **2. Has MTN undertaken a Gender pay gap analysis?**

The MTN Group has conducted a gender pay parity study, adopting key principles from the UK Gender Pay Gap Methodology in the context of our operating environment. Globally, the gender pay gap according to UN Women stands at 16 percent, meaning women workers earn an average of 84 percent of what men earn. Our Group Gender Pay Gap Study<sup>2</sup> for the period January to December 2021 in 18 markets indicates that on average, for every one dollar earned by men, women earn 75 cents. During the course of 2022, we will identify clear actions

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<sup>2</sup>The 2021 Reported Gender Pay Gap percentages pending final independent validation by an external party. Computations may be subject to a 1% – 2% minor margin of error. The independent validated results will be published in a separate detailed report later in 2022.



to address the gender gap, including improving representation of women across senior levels and critical roles in the Company.

**3. Rural broadband is a LTI liked KPI, how are you doing at this moment and what are your plans?**

In March, MTN Group's 2021 results showed an increase to 83% in rural broadband coverage across its markets. Since the inception of our rapid rural rollout programme (R3) programme which drives our rural broadband efforts, we have expanded our coverage to more than 23 million people in rural areas. MTN is committed to extending rural broadband coverage to 95% by 2025. To realise our target, we are increasing the number of partnerships, as well as the kinds of partnership models we have in place. In 2022, we started the process of onboarding additional partners with stronger rollout and delivery capabilities to accelerate MTNs rural connectivity programme and drive the Group commitments in each operating company.

**4. What has been the impact of Covid-19 and how has MTN been responding?**

COVID-19 continues to impact the lives and livelihoods of our staff, customers and stakeholder. By year-end of 2021, we had mourned the loss of 30 of our people since the pandemic began. Some markets saw rapid increases in cases and tighter lockdown restrictions.

Vaccination rates increased, with ~15% of all Africans fully vaccinated by 4 April 2022<sup>^</sup>. Africa needs to vaccinate ~70% of her people by end-2022. Heeding the call for vaccinations across the African continent, MTN donated US\$25 million to support the African Union's COVID-19 vaccination programme. The donation helped secure urgently needed doses of the COVID-19 vaccine for health workers and broader society across the continent, which contributed to the vaccination initiative of the Africa Centres for Disease Control and Prevention (Africa CDC).

**5. Africa countries continue to experience high levels of unemployment, how is MTN approaching this across its markets?**

Aligning our CSI strategy with Ambition 2025 presents the opportunity to harness a pan-African critical mass of countries to achieve significantly greater impact. In 2021, we revised – our CSI strategy, positioning MTN's foundations closer to our core strength in the ICT ecosystem, with a focus on driving digital skills for digital jobs, to address the growing levels of unemployment across our markets. This complements our youth empowerment efforts which has reached more than 7.5 million youth beneficiaries. In 2021, we provided youth with 1 629 scholarships across our markets through a range of programmes from education and digital training to economic empowerment and entrepreneurship, while also focusing on education infrastructure programmes to increase youth development and scholarship opportunities.



## GOVERNANCE

### 1. What is MTN's approach to digital human rights?

We are deeply committed to respecting digital human rights. We take a programmatic approach to human rights guided by a Group-wide framework, while improving opportunities for building and leveraging strengths across the Group. Our response to digital human rights is underpinned by a sound policy and due diligence framework. Our approach is consistent with internationally recognised principles while ensuring MTN remains compliant with the terms of our various jurisdictional legal obligations and licence conditions.

### 2. Does MTN have a due diligence approach to managing human rights?

MTN has a digital human rights framework and adopts a pragmatic approach to systematically entrench digital human rights across the Group. MTN's due diligence approach has been drawn from the UN Guiding Principles for Business and Human Rights framework ("Ruggie Protect, Respect and Remedy"). The framework outlines the steps that all MTN operations would follow before, during and after the occurrence of a digital human rights incident.

### 3. Is there senior leadership oversight at MTN over digital human rights matters?

Governance of Digital Human Rights is overseen by the Group Social, Ethics and Sustainability Committee on behalf of the MTN Group Board. It is tracked on an on-going basis by the Group Executive Committee led by the MTN Group Chief Sustainability & Corporate Affairs Officer who reports to the Group President and Chief Executive Officer. Regional Vice Presidents and Country CEOs play a key role at a regional and country level.

### 4. Why does MTN choose to keep operating in challenging markets?

We see significant potential in our markets to offer vital communication services despite some of the inherent risks. Such risks are factors of doing business in these markets and are not limited to MTN. We are continuously evolving and innovating our framework and the way we conduct our business. We also transfer lessons from one market to another on an ongoing basis.

### 5. Does MTN conduct human rights risk and impact assessments?

During 2021, we took a decision to conduct digital human rights impact assessments (DHRIA) and partnered with BSR, an organisation of sustainable business experts that works with its global network of the world's leading companies to build a just and sustainable world. During this first phase, the scope includes completing DHRIAs for seven markets, including recommendations for how MTN can better manage and address human rights impacts at both the market and Group-level.

In addition, a deep dive assessment on human rights risks associated with government requests, using case studies and based on GNI guidelines and best



practices and the development of Human Rights Due Diligence tools for new business ventures, market assessment and new products. Once the assessment is completed, MTN will make the findings available in our future reporting and will engage our stakeholders on the findings.

**6. Does MTN publish disclosure reports that elaborate on a country-by-country overview of government requests of user data that have been received by MTN?**

MTN issued its second Digital Human Rights Transparency report. The report content is informed by the disclosure requirements of the Ranking Digital Rights Index, the Global Network Initiative (GNI), and the GSMA Human Rights Guidance for the Mobile Industry. Also, this report seeks to meet the expectations for transparency set out by the United Nations Global Compact (UNGC) and United Nations Guiding Principles on Business and Human Rights.

**7. Is MTN considering membership to the Global Network Initiative?**

In 2021, MTN conducted a GNI self-assessment against GNI's Principles and Implementation Guidelines and found that it covers majority of the areas. MTN has indicated its interest to become a member of the GNI and is currently within the GNI approval process. The membership would hold MTN accountable through a system of (a) transparency with the public and (b) independent assessment and evaluation of the implementation of these principles. Membership would allow MTN to take a collaborative approach to problem solving and explore new ways in which the collective learning from multiple stakeholders can be used to advance freedom of expression and privacy; and engagement with governments and international institutions to promote the rule of law and the adoption of laws, policies and practices that protect, respect, and fulfil freedom of expression and privacy.

**8. What is MTN doing to protect customer data privacy?**

MTN's Data Privacy and Protection Policy, approved in 2020, informs customers of their rights and sets MTN's standard to protect personal information of customers and frames the Group's collection, use and protection of user's information. The policy addresses data privacy/data protection developments and regulations in MTN's markets and globally.

**9. How does MTN govern its stakeholder management?**

Since 2018, MTN has a well-established and robust MTN Group stakeholder and reputation management strategy framework ensuring we deliver on what drives a strong reputation, while practicing quality engagement. Proactively planned stakeholder engagement is part of our approach, guided by MTN Group stakeholder and reputation management strategy framework, comprising a strategy, policy and blueprint.

The Group policy outlines principles for effective stakeholder engagement that are universally applicable across MTN in alignment with King IV™ requirements.





Stakeholder engagement practices may vary across operating companies and are often tailored to fit the operating and stakeholder environment.

The effectiveness of our efforts to drive a strong reputation, build relationships, and practice quality engagement are tracked in the annual Reputation Index Survey. Our operating companies monitor their stakeholder engagement performance against an improvement plan based on their survey results on an ongoing basis. The survey for the year included a measure of stakeholder perceptions of sustainability-related matters.

**10. How is whistle blowing governed in the organisation? What are you seeing in terms of trends?**

MTN's Whistleblowing policy was updated in 2021, placing greater emphasis on creating a conducive environment for confidential and anonymous reporting to ensure no retaliation of any kind against anyone who makes a good faith report about possible misconduct or legal violations. The Group's whistle-blower hotline (tip-offs anonymous) is available to employees, suppliers and any external party wishing to report concerns safely and anonymously.

All ethics-related concerns are reported quarterly by operating companies to MTN Group Risk and Compliance. In 2021, 116 ethics-related queries and concerns were raised through the confidential ethics mailboxes. This was a significant decrease compared to 460 in the previous year although this can be attributed to the high number of health and safety concerns related to COVID-19 in the previous year. In addition, we issued a Group-wide interactive Ethics FAQ document to employees, which raised awareness of ethics issues and played a role in reducing the number of ad hoc ethics enquiries and concerns.

All fraud-related concerns are reported by operating companies to Group Internal Audit & Forensics. In 2021, 137 tip-offs related to fraud occurred via our independently managed whistle-blower mechanisms. These tip-offs mainly covered areas such as unethical behaviours, fraud, conflicts of interest and mobile financial services-related frauds. Each of these were promptly investigated and addressed through MTN's disciplinary process.

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