

Sustainability report continued

About MTN Group

With its headquarters in Johannesburg, South Africa, the MTN Group is a telecommunication services provider with 21 country operations across Africa and the Middle East. While this report only covers nine operational territories, the operation in Iran (the Group's greenfield enterprise) and 11 new operations will be included in future reviews as they become further integrated into the Group.

The Group provides a wide range of telecommunication services, including voice calls, text messaging (SMS), picture and video messaging (MMS), internet access and other data services.

Our 40 million mobile customers include private consumers and corporate customers in diverse markets around the world. The MTN Group has expanded dramatically since its formation in 1994, largely through acquisitions and substantial telecoms investments in Africa and the Middle East.

As at 31 December 2006, the Group had a market capitalisation of approximately R1 587 billion. The financial section of this annual report contains more detailed information.

Key Group financial statistics	Year-end 2006	Year-end 2005
Revenue (Rm)	51 595	27 212
Operating profit (Rm)	16 094	8 478
Market capitalisation (Rm)	158 681	103 499
Closing customers (000)	40 051	23 189

** The figures above include all 21 country operations and not only the nine countries covered in the sustainability review.*

Reporting period

The MTN Group reports on sustainability issues annually. This report covers the period 1 January to 31 December 2006. The previous report spanned a nine-month period, from 1 April to 31 December 2005 to accommodate the change in financial year-end.

Report scope

As with our previous report, MTN has integrated its business and sustainability reports into one annual report. Hence, this section on corporate sustainability should be read in the context of the full annual report. MTN has also ensured clear referencing (page numbers and website links) in elaborating on key stakeholder issues in the annual report.

The content and structure was guided by the Global Reporting Initiative (GRI) on sustainable development. GRI outlines the principles for defining report content and ensures the quality of reported information. An important guiding principle is that the report should provide a balanced and reasonable representation of the sustainability performance – including both positive and negative contributions. MTN has endeavoured to include consistent and balanced views in line with these principles in reporting performance outcomes and financial results. We have done so in the context of the commitments, strategy and management approach.

MTN has incorporated economic, environmental and social performance indicators (triple bottom line-reporting) as proposed by GRI.

Sustainability issues were identified through formal discussions with internal and external stakeholders on their expectations, concerns and interests. Report topics have been prioritised in line with the requirements set out in the GRI/G3 reporting guidelines and the GRI telecommunications sector supplement. Partial topic consistency has been retained across the previous reporting periods. These follow international reporting trends in the telecommunications sector as observed in comparative international

reports. Country-specific requirements served as a further guide to topic prioritisation.

Our stakeholder engagement process identified the following key stakeholders:

Internal

- Heads of the risk and internal audit departments
- Heads of Group health, safety and environment
- Heads of Group human resources
- Heads of procurement divisions
- Heads of MTN foundations (South Africa, Nigeria and Cameroon) and corporate social responsibility managers
- Group president and chief executive officer

External

- Corporate customers
- Individual customers
- Government officials
- Regulatory authorities
- Investors
- Beneficiaries and community groups

Report boundary

The report covers the sustainability impacts of nine operations (six established and three maturing):

- South Africa
- Nigeria
- Cameroon
- Uganda

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- Rwanda
- Swaziland
- Côte d'Ivoire
- Congo-Brazzaville
- Zambia

The 11 new country operations – Iran and the 10 Investcom operations – have been excluded from the current reporting context. In addition, Botswana, an operation in which MTN has an investment interest rather than a management role, has also been excluded.

There were two key limitations to this report:

- While the report is not written 'in accordance' with GRI reporting guidelines, it does take these guidelines and the telecommunication sector supplements into consideration when reporting on the performance of established operations.
- Some newer operations have not yet fully implemented the Group sustainability framework. The scope of the report is, therefore, limited to reportable information sourced from established and maturing operations. The Group's new operations will be included in future reviews as the sustainability concept and framework are understood and embedded enterprise-wide.

The report differs from previous reports in the following ways:

- The report scope was guided by the 2006 GRI/G3 reporting guidelines and telecommunication sector supplements.
- An additional three countries were reported on this year: Côte d'Ivoire, Congo-Brazzaville and Zambia.
- Stakeholder questionnaires were updated in accordance with the 2006 G3 reporting guidelines and sector supplements.
- The report framework considers national and international competitor reporting frameworks.
- In 2005, MTN reported over a nine-month period. This report spans a full 12-month period.
- In previous years MTN reported on its annual corporate reputation audit conducted in each of its established operations. This year MTN did not conduct a Group reputation audit. Given the operational challenges resulting from the acquisition of Investcom, the growing internationalisation of the Group and local initiatives in each country, MTN followed a deliberate policy of reviewing past norms and standards underpinning the annual audit.

Sustainability-related risks

Managing sustainability risks

The MTN board has delegated responsibility for monitoring sustainability issues to the Group risk management and corporate governance committee. The committee has the following objectives:

- Ensuring significant risks and corporate governance matters relating to sustainability management are identified and mitigated or minimised.
 - Advising the board on policy development and implementation of the Group sustainability policy.
 - Monitoring and evaluating the performance of the MTN Group, its associates and suppliers against the sustainability policy and codes of practice, and benchmarking performance against similar organisations.
 - Reviewing and developing the sustainability policy and codes of practice.
 - Addressing sustainability issues throughout the Group's planning and management processes and setting targets and goals for sustainability.
 - Promoting, by example, sustainable practice and issues to embed sustainability principles and practice in the Group and its wider community.
 - Producing an annual progress review of sustainability for Group operations.
- Ensuring practical actions are taken on stakeholder feedback received from the annual review and annual sustainability report.
 - Receiving – and responding to – reports received annually from Group representatives who are central to implementing the Group's sustainability policy. The committee identifies appropriate individual reporting targets from the sustainability framework that representatives submit for the sustainability report.

