

## ***Abridged sustainability report***

MTN is a leading provider of telecommunications services in emerging markets. This provides us with the opportunity to catalyse development that improves quality of life by providing opportunities for social and economic inclusion and growth, connecting people, providing better ways of doing business, and facilitating the trade growth.

The Group is pleased to present an abridged report of the Group's 2009 sustainability results. The detailed report may be accessed on [www.mtn.com/sustainability](http://www.mtn.com/sustainability).

### **Sustainability vision, strategy and principles**

MTN is a leading provider of telecommunications services in emerging markets. This provides us with the opportunity to catalyse development that improves quality of life by providing opportunities for social and economic inclusion and growth, connecting people, providing better ways of doing business, and facilitating the trade growth.

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

Our sustainability vision: In meeting MTN's business objectives, we will continue to enhance stakeholder value, manage risks and opportunities posed by economic, social, human and environmental capitals, within our scope of influence.

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

To accelerate the implementation of MTN's sustainability vision, a strategy and key implementation principles have been defined.

## Strategy

- Focus on environmental, social and governance issues of importance to stakeholders, and that may have a material impact on MTN's economic position
- Business decisions will be motivated by sustainability opportunities and risks, rather than mere compliance
- Group sets direction and influences imperatives, in collaboration with operations, which maintain closest working relationships with stakeholders

## Governance of sustainability

The Group board is accountable for sustainable business practice and as such, has delegated responsibility to the risk management and compliance committee. The executive management of the sustainability function is the responsibility of the Group executive

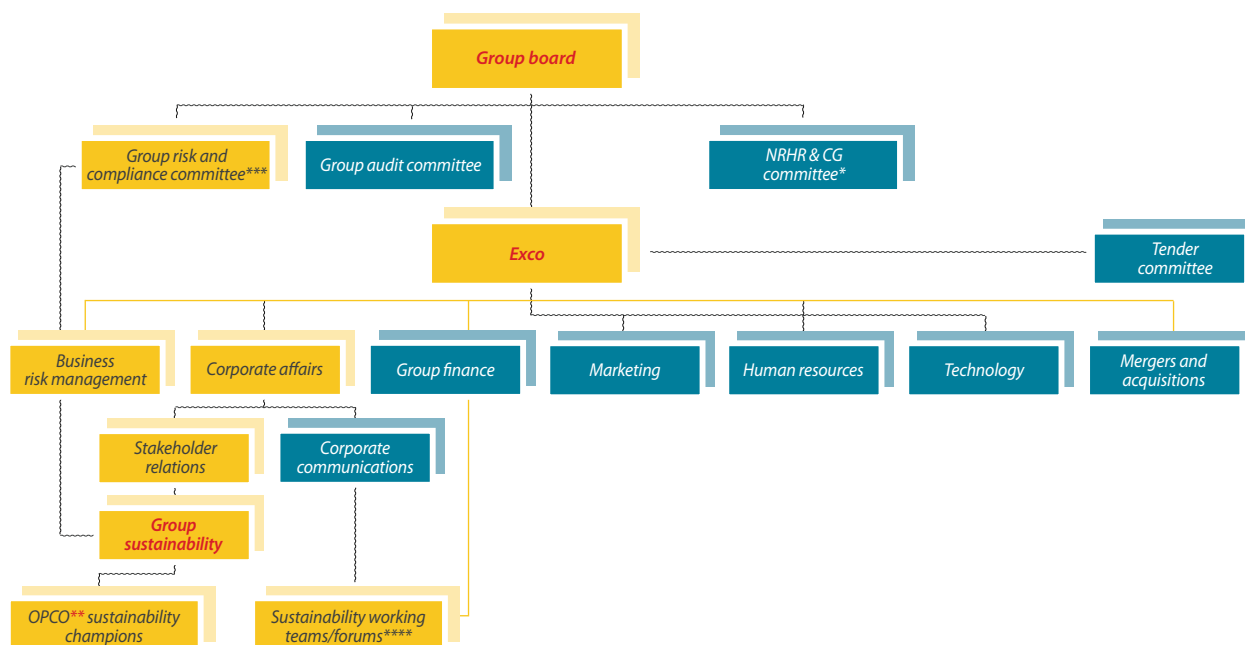
## Implementation principles

- Set foundations for sustainability: ensure internal awareness and education, implement human and system resources, identify opportunities and risks, and manage and report performance
- Focus on no more than three project initiatives per annum. Projects are to be prioritised based on effort required and potential impact
- Use pilots, trials, and a phased implementation approach where suitable
- Share successes and use lessons learnt from previous experiences
- Balance Group's vision and requirements with local operating conditions, challenges and opportunities

corporate affairs, who reports progress and plans to the Group executive committee (Exco). Signoff of major deliverables is undertaken by the Group president and CEO, where commitments bind the entire Group.

## Abridged sustainability report *continued*

The diagram below indicates the governance and management of the sustainability function in MTN.



\* Nominations, remuneration, human resources and corporate governance committee






\*\* Operating company, used within MTN to denote all subsidiaries and associates

\*\*\* Sustainability is a standing item on committee agenda

\*\*\*\* Sustainability working teams and forums will be implemented in regions or operating companies commencing in the latter half of 2010





† Exco also includes the chief operating officer's office and company secretary

## 2008 Sustainability commitments' feedback

2009 commitments in 2008	Status	Degree to which objective was achieved
<b>Risk/Governance</b>		
Roll out annual reputation review	<ul style="list-style-type: none"> <li>Self-assessment of MTN's reputation by Exco and Opco CEOs via questionnaire completed. Results presented to Exco</li> <li>In 2011 MTN will undertake external assessment with media, analysts and regulators</li> </ul>	
Complete whistleblower roll out; improve staff awareness	<ul style="list-style-type: none"> <li>Roll out completed. Operations also received basic fraud awareness training</li> </ul>	
Review/improve consistency of government relations engagements	<ul style="list-style-type: none"> <li>Stakeholder governance model incorporating identification and management processes defined. Implementation of model planned in 2010</li> <li>Appointment of an executive for regulatory affairs at Group level</li> </ul>	
Establish Group sustainability governance structure ( <i>corporate affairs, SHE, risk, network and technology, HR, investor relations, Opco representation</i> )	<ul style="list-style-type: none"> <li>Group Sustainability Manager appointed to drive strategy and implementation</li> <li>In 2010, implementation of local and regional sustainability forums to commence</li> </ul>	
Enhance CURA risk management system to track hours of disability due to injuries	<ul style="list-style-type: none"> <li>Reviewed decision to only track this indicator. Determined that a more holistic incident management system was required to address stakeholder reputation management, insurance, safety and health, and sustainability-related incidents proposed</li> </ul>	

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

# Abridged sustainability report *continued*

2009 commitments in 2008	Status	Degree to which objective was achieved
<b>Social contribution</b>		
Monitor implementation of Group CSR framework and align activities. Review framework effectiveness	<ul style="list-style-type: none"> <li>All 21 Opcos now undertake projects that deliver sustainable impact</li> </ul>	
Launch foundations in remaining operations	<ul style="list-style-type: none"> <li>Underway – see section titled <i>Foundations</i></li> </ul>	
Increase MTN South Africa spend on black women-owned/managed companies	<ul style="list-style-type: none"> <li>Spending increased to over R520 million (unaudited), a 43% increase from the previous year's spend</li> </ul>	
<b>Staff development</b>		
Roll out sustainability education/training programme, including policy, management framework, performance	<ul style="list-style-type: none"> <li>Board/executive/senior level awareness and engagement ongoing</li> <li>Carbon footprint training undertaken</li> </ul>	

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

2009 commitments in 2008	Status	Degree to which objective was achieved
<b>Staff development</b> (continued)		
Confirm sustainability resources at operational level	<ul style="list-style-type: none"> <li>Sustainability champions have been identified in MTN South Africa, Swaziland, Nigeria, Ghana, Uganda, Cameroon, Syria, Cyprus, Rwanda, Zambia, Yemen, Congo-Brazzaville and Benin</li> </ul>	
<b>Environment</b>		
Ensure environmental management concerns are included in sustainability management team's work and performance monitor mandate	<ul style="list-style-type: none"> <li>Further work to clarify internal roles of different functions will need to be undertaken to ensure roles and tasks are appropriately allocated and executed. Some work on the top environmental priorities and actions has commenced (see section titled <i>The environment</i>)</li> </ul>	
Ensure electromagnetic fields (EMF) health and safety level site agreement implemented across all Opcos	<ul style="list-style-type: none"> <li>See section titled <i>The environment</i></li> </ul>	

■ Degree of MTNs achievements  
■ Degree yet to be achieved

Group overview

Business review

Operational review

Sustainability review

## Abridged sustainability report *continued*

### Material sustainability opportunities and risks for 2009

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

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

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

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

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

## Material stakeholder matters addressed over 2009

### Customers

For purposes of this abridged report, examples of initiatives by operations are illustrated below. These do not necessarily represent the full scope of initiatives, products and services offered by all MTN operations.

#### Quality of network

The Group's network roll out strategy remained a key feature throughout 2009, enabling MTN to maintain or improve market share and relevance. MTN expanded the number of base stations, increased network capacity, prepared for 3G solutions, extended coverage, and improved infrastructure management. The Group chief operating officer's report (page 26), contains more information in this respect.

#### Customer relations

As markets develop, customer intimacy and differentiation become key success factors. Improving service is one of the solutions to retention, reducing churn, and mitigating the impact of reduced spend due to global financial crisis. Examples of efforts are set out below.

- To differentiate MTN, operations developed a better understanding of customers. This informed the design and implementation of a customer segmentation model in all operations.
- A customer service charter was introduced, and is being implemented within a number of operations.
- Service quality is assessed through a variety of means eg, MTN Benin conducts a mystery shopper assessment programme.
- Customers are acknowledged through loyalty and retention programmes. MTN Yemen, for instance, launched a retention programme to activate dormant accounts.

- Technology such as an integrated voice recognition (IVR) system is used to enable customer self-service and reduced waiting times. Dedicated help lines for high-value customers have also been introduced eg, by MTN Uganda.

#### Bridging the communications divide

Reducing financial barriers by addressing handset access and acquisition costs helps reduce the communications divide. MTN Virtual Number was introduced in a number of operations. This solution enables customers without handsets to make and receive calls, send messages and make financial remittances using someone else's handset. To reduce acquisition cost, low-cost handsets are also offered in all MTN operations. For example, MTN Zambia's entry level handset of R107,00 is one of the lowest in the market. MTN Uganda plans to subsidise handset costs in 2010.

Rural network coverage is a feature in all our markets. For example, since 2002, MTN Nigeria's "phone ladies" programme empowers rural entrepreneurs through extended telephony access, while generating a small return for entrepreneurs. In 2009 MTN Uganda partnered with Grameen Foundation USA to implement the VillagePhone solution.

Value-added services help extend access to commercial and social benefits. One such solution, MTN Zone, was introduced across operations to reduce call costs (and help ease network congestion over peak periods). MTN Google SMS, another value-added service, was recently introduced in Uganda. Communities access services such as Farmer's Friend, Health Tips, Clinic Finder and Google Trader through SMS queries, and receive a near-instant reply. More than 1,7 million electronic hits have been recorded since its mid-2009 launch.

# Abridged sustainability report *continued*

## **Innovation**

- MTN's Can Do spirit focuses on staying in touch with the needs of markets. Recent innovations include MTN MobileMoney, enabling subscribers to remit money or pay bills using a secure, easy and fast service, was made available in Yemen, Ghana, Uganda, Côte d'Ivoire, Benin, South Africa, Rwanda, Liberia, Congo-Brazzaville, Nigeria, and Cameroon. With significant emerging market demand for such services, further roll out across other operations is also underway.

MTN Play is an interactive mobile access channel enabling customers to enjoy digital 2010 FIFA World Cup™, and boost mobile penetration rates.

## **Improving systems**

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

## **Governance and regulation**

### **Local participation**

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

that it benefits from the input of local knowledge at shareholder and board level. MTN South Africa's broad-based black economic empowerment performance is available in the detailed 2009 sustainability report on [www.mtn.com/sustainability](http://www.mtn.com/sustainability)

### **King III Code of Corporate Governance and Sustainability**

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

### **Business continuity planning**

A business continuity management (BCM) strategy was developed, comprising critical aspects of emergency response, crisis management, business recovery and resumption. A holistic management process to adequately address these risks, and a framework to build operational resilience using a phased approach were implemented. Disaster recovery plans were also developed. A crisis management plan was defined, and investment in network infrastructure and redundancy has continued, with operating companies adopting network architecture design principles coupled with major investments to improve network redundancy. This has significantly enhanced MTN's capability to effectively respond in order to safeguard the interests of key stakeholders.

### **Interconnection**

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

cost model, to ensure that MTN and all network operators realise a fair return on facilities provided.

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

In Nigeria, interconnection rates were reduced effective 1 January 2010.

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

Following the promulgation of the Information and Communication Technologies Act, Act No 15 of 2009 in Zambia, MTN Zambia's licence will be migrated into the new licensing regime which is technology-neutral.

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

### **SIM registration**

For global authorities to combat crime, industries such as the financial and telecommunication services are required to register

the details of their customers. SIM card registration has been introduced by NRAs in a number of markets.

Key developments in 2009:

- The Regulation of Interception of Communication Act (RICA) came into effect in South Africa. The Act stipulates that the phone numbers of active SIM cards not registered by phase 1, ending 31 December 2010, must be removed from the network.
- In Nigeria, GSM operators requested the Nigerian Communications Commission (NCC) to extend the start date of the registration process, given the short notice period, lack of consensus on the identity form required, and the volume of registrations that needs to be undertaken. The NCC extended the start date to allow operators time to implement the necessary facilities to identify customers.

### **Fraud management**

In 2009, fraud risk was addressed through the following actions:

- The heads of business risk management (BRM) were tasked with operational fraud risk management. Additionally MTN Nigeria, South Africa, Conakry and Benin appointed a dedicated forensics resource. Congo-Brazzaville will appoint a dedicated forensics staff member by April 2010
- In some operations, the revenue assurance function was segregated to ensure a dedicated focus on fraud identification (particularly airtime fraud)
- A revenue assurance tool was procured, and implemented
- The Whistleblower line **Tip-offs Anonymous** was launched for staff to report internal and external instances of unethical behaviour.

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

# Abridged sustainability report *continued*

## **Our people**

### **Training and development**

Our 34 243 people (including temporary staff and contractors) are our ambassadors, custodian of our values, innovators, and managers of our stakeholders. Offering opportunities for career training and staff development enables leadership development, succession planning, and talent retention and attraction, and is a competitive differentiator. In 2009 the MTN Academy created a standardised approach to learning and development initiatives, and established regional learning centres in South Africa, Ghana and Dubai. Learning solutions, leadership talent management, coaching and performance support, and services such as organisational development, standards, best practice and benchmark research now enable a holistic, Group-wide response to the need to develop talent.

MTN Yemen, Uganda and South Africa introduced the leadership talent management (LTM) programme, a new approach to learning and skills development based on self-development, to mitigate inadequate depth of managerial skills and lack of time to register for training by busy managers. MTN South Africa offers learning through experience programmes to newly qualified graduates. In 2009, 76 graduates were placed in engineering, legal, sales and marketing areas for a period of 24 months. Six trainee chartered accountants were also placed, while 16 university students have benefited from full-time bursary awards. Bursaries to the value of R5 000 are available to full-time MTN employees.

Rotation of staff across MTN regions enables knowledge sharing and the alignment of new acquisitions to the MTN culture, promoting a standardised customer experience across the Group.

### **Recognition**

The MTN Y'ello Stars campaign was launched to boost staff morale and create a sense of belonging by recognising outstanding employees. It is in its fourth year of existence.

## **The environment**

### **Electromagnetic fields (EMF) and safe communications**

Stakeholders may express concern about possible health effects that could result from exposure to spectrum or electromagnetic waves upon which voice and data communications are based.

MTN supports open, independent, quality, scientific research. The results of international studies, and positions undertaken by authorities including the International Commission on Non-Ionising Radiation Protection (ICNIRP), World Health Organisation (WHO), European Committee for Electro Technical Standardisation, the UK National Radiological Protection Board, the American National Standards Institute and Standards Australia indicate there is no substantiated scientific evidence that radio signals from base stations, operating in accordance with recognised safety standards, pose a health risk.

MTN continually reviews the results of radio frequency research performed throughout the world. To ensure operations are consistent with the most current health and safety standards information, EMF guidelines were updated in 2009. These prescribe that in countries where there is existing legislation and regulations around EMF, these national limits should be taken into consideration, and the stricter of legislation applied. Commencing 2010, those operations which do not currently maintain a basic

compliance programme will be required to implement this, using guidelines issued by WHO, the EU, and Institute of Electrical and Electronics Engineers (IEEE) RF Safety Programme.

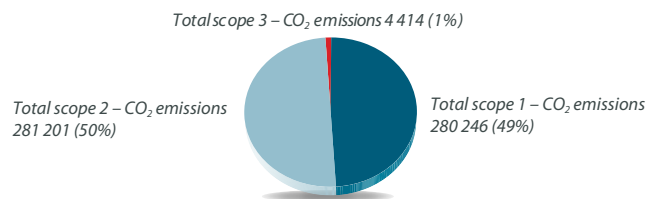
Electromagnetic field levels in areas surrounding MTN base station sites in residential areas are well below the ICNIRP guidelines. This is achieved through adoption of best practice, including not raising signal strengths beyond that which is necessary to achieve service objectives. Examples of activities by operations include:

- In MTN Cyprus, EMF emissions are measured twice a year to ensure emissions remain significantly lower than minimum EU standards. Together with organisational support from the Union of Municipalities, MTN Cyprus and the incumbent service provider are the official sponsors of information seminars on "EMF and Mobile Telephony in our Lives".
- MTN Yemen has started working with the Ministry of Telecommunications on health safety regulations and creating awareness about EMF in communities.
- MTN South Africa surveyed 408 BTS sites located near hospitals and schools. In total, 261 assessments were completed, and all were found to be compliant in terms of the ICNIRP guidelines. The remaining 147 site assessments still have to be undertaken.

## Carbon footprint

In 2009, the Group undertook its first detailed and wide-scale carbon (CO<sub>2</sub>) footprinting exercise, representing 62,2% of the business by subscriber numbers.

Figure 1: MTN Group 2009 CO<sub>2</sub> footprint



The Group's footprint for the period 1 January 2009 – 31 December 2009 of 565 860 tonnes CO<sub>2</sub>e, is predominantly caused by diesel use or electricity purchased for base station sites. This presents the greatest opportunity for reduction, efficiency, and investment in alternative technologies, which will help the Group mitigate the impact of rising global energy prices, energy insecurity, and possible future carbon taxes. This will also contribute to cost management and business continuity objectives.

Examples of MTN's consideration of alternative energy solutions include:

- Hybrid and solar-powered base station trials in Sudan, and operating stations in Cameroon.
- Implementation of an off-grid BTS in Kleinaarpen in South Africa, powered by solar and wind, with hydrogen fuel cell secondary power. Also in South Africa, the Smalvisch project currently underway will implement a BTS powered by a hybrid solar/wind solution. Biogas and fuel cell technology projects are also under development.

## Abridged sustainability report *continued*

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

The implementation of engineered solutions is also undertaken to manage base station power. Operations in Côte d'Ivoire and South Africa have saved fuel, maintenance fees and CO<sub>2</sub> output through engineered solutions such as battery management.

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

As an ICT company, MTN's role in reducing the impact of other sectors through de-materialisation (substituting high carbon or physical products with electronic solutions eg, e-commerce, video conferencing and teleworking) will help the global economy reduce emissions by helping other sectors optimise how they operate, and improving how society works and lives. MTN needs to explore these opportunities further.

MTN's 2009 Carbon Disclosure Project report will be published on [www.cdproject.net](http://www.cdproject.net) towards the end of 2010.

### **Infrastructure sharing**

Network operators who share base station infrastructure benefit both in terms of reduced operating and capital costs, and a lower environmental and social impact.

The Group is actively pursuing several opportunities to share infrastructure assets across its footprint in Africa and the Middle East. MTN is, among others, engaging with other mobile operators to explore site sharing, leasing space on towers to others operators, and jointly rolling out fibre networks. The East Africa Submarine Cable System (EASSy), an undersea fibre-optic cable that will link the countries of Southern, Eastern and Northern Africa to the rest of the world, Europe India Gateway (EIG), SAT-3, Main-1 and the West Africa Cable System (WACS) form part of the Group's strategy to ensure further operational cost reductions and increased quality delivery by all our operations.

### **E-waste**

Electronic waste is any form of technology that has been discarded or is no longer required. Environmental groups indicate that e-waste is predominantly dumped in developing countries, and the problem is growing. E-waste contains valuable components such as copper and gold, and communities often attempt to salvage this. Electronic devices also contain lead, cadmium, mercury, and other heavy metals, and other toxic and chemical components harmful to both humans and the environment.

MTN's direct and indirect generation of e-waste predominantly stems from obsolete computers and associated information technology, and the provision of handsets and recharge vouchers. Operations have responded to this issue as follows:

- In Yemen, MTN is helping the Ministry of Environment implement its strategy to deal with mobile waste.

- To reduce the blight of plastic vouchers on the landscape or to landfill sites, MTN Congo-Brazzaville and Yemen accelerated the use and distribution of electronic voucher distribution process. This is also available from MTN Cameroon and MTN South Africa.
- MTN Cyprus is a member of Green Dot, the European Packaging and Waste Directive (94/62/EC), AFIS (recycling protocol for batteries), and Waste Electrical and Electronic Equipment European Union Directive (recycling protocol for used electronic batteries).

As a Group, MTN acknowledges the need to develop a better understanding of e-waste generation, and a strategy customised for local operating conditions, on how to address this issue.

## The community

### MTN foundations

In 2006, the board stipulated that all operations were to reinvest up to 1% of profit after tax in corporate social responsibility activities. Countries in which MTN foundations have been established by the end of 2009 (including both non-profit organisations and internal division foundations) include South Africa, Uganda, Swaziland, Nigeria, Cameroon, Côte d'Ivoire, Guinea-Bissau, Ghana, Benin, Congo-Brazzaville, Yemen and Afghanistan. Community investment focuses on supporting multi-year, sustainable projects in the areas of health, education and culture, and nationally aligned priorities such as environmental management and economic empowerment.

Examples of projects include:

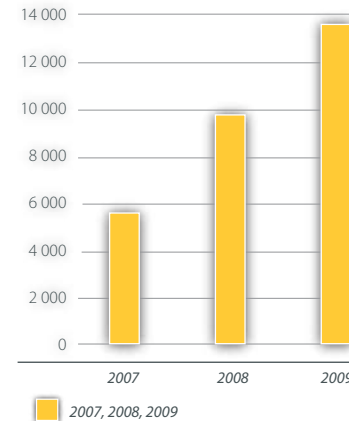
- Health: malaria, HIV/Aids, cancer, sickle-cell disease, mother and child mortality, cholera, and road safety programmes which vary in implementation from clinic investment to education and access to medical services.
- Education: ICT connectivity at schools, universities and community centres, classroom and facilities' construction, and adult skills' training centres.
- Culture: promotion of rural-based tourism, music, arts and culture education sponsorship and educator training.

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

The 21 Days of Y'ello Care programme is conducted in each operation over 21 days in each year. From humble beginnings in 2007, the programme has grown substantially, and in 2009 approximately 40% of staff volunteered in their communities.

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

Figure 2: Increase in staff volunteers between 2007 and 2009



## **Abridged sustainability report** *continued*

Motivation and support is provided through awarding the Group President and CEO *Yello Care* Award to the operation with the highest percentage of staff volunteers, and greatest community impact. Efforts range from raising community awareness and products to address health and environmental issues, environmental cleanup and restoration, sport facility provision, refurbishment and support at facilities for children and the elderly.

### **Legacy projects**

MTN's sponsorship of the FIFA 2010 World Cup™ is being leveraged to make a measurable contribution to social development using Africa's love for football to create a lasting legacy. To address persistent challenges and accelerate achievement of the Millennium Development Goals, the Group focused on two projects in the health and education fields:

- In partnership with United Against Malaria (UAM), awareness is being raised globally, worldwide commitment to ending malaria renewed, and focus on increasing use of prevention tools and malaria treatment in Africa undertaken.
- With more than 75 million children around the world being denied an opportunity to go to school, MTN and other participating mobile operators support the *1Goal: Education for All* initiative.

### **Our suppliers**

#### **Reducing costs**

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

#### **Standardisation**

The Group tender committee is appointed by the board to consider all Group procurement tenders and ensure that the procurement of goods and services is commercially and legally sound and conducted in a fair, honest, transparent and equitable manner. Its terms of reference have been based on the requirements of good corporate governance.

To achieve economies of scale, the Group standardised product, service and process specifications across multiple business areas and reduced the number of suppliers in these areas. Procurement toolkits defining the centralised procurement function and

tender committee structures were implemented in 80% of MTN's operations. Approval levels were also specified. Implementation was complemented by toolkit training, and other learning programmes. Key performance indicators (KPIs) have been set to measure the effectiveness of procurement functions, and a supplier performance management framework for key suppliers was developed.

### Enterprise development

The development of small enterprises can be better sustained through the provision of mentorship, support and advice to developing businesses locally. Examples across the footprint include:

- MTN South Africa commenced training of business enterprises, encouraged development in rural communities and supported enterprises that produce goods that were previously not available in South Africa, or that enhance job creation.
- MTN Nigeria's Bizlift initiative provides business ideas, increased access to finance and sales support material to more than 53 000 MTN retailers. It also implemented a project to train and develop enterprises among disabled and disadvantaged youth.
- MTN Uganda partnered with Enterprise Uganda's business linkage programme in a pilot initiative between 2005 and 2007 to enhance the productive capacity, efficiency, competitiveness and sustainability of the 12 local small to medium enterprises. In 2009, MTN Uganda nominated more of its SME suppliers

to improve their entrepreneurial skills and management approaches through this programme.

The transfer of knowledge and skills to local management helps in the reduction of expatriate staff, another means with which to enhance local development.

### Future sustainability commitments

The forward-looking sustainability commitments detailed in this report are informed by the Group's objective to continue implementing and extending its sustainability imperative, and communicating with stakeholders.

The Group advises that the commercial and sustainability maturity positions of operations, which varies across its footprint, will impact the extent and timing of implementation of the commitments set out below. Although the MTN Group is based in South Africa, the business is truly multinational across the African continent and the Middle East. Operating conditions vary across countries, and the macro conditions often makes for a difficult trading environment, Nevertheless, the Group is actively driving operations to integrated sustainability imperatives into their activities, from strategy and governance through to infrastructure and community engagement. While this may add further internal pressures, operations acknowledge the importance of sustainability and have welcomed the imperative.

## Abridged sustainability report *continued*

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

# Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
<b>Customer</b> (continued)		
2010 and medium term	Improve MTN South Africa customer experience by integrating customer management and retail billing systems, and rolling out customer contract strategy at segment and channel level	—
2010	Increase operational efficiency, visibility into spend by customers, and provide single bill for multiple services	By December 2010
<b>Regulatory</b>		
2010	Review strategic relationship with possible new MVNO entrants (MTN Cyprus)	By December 2010
<b>Governance</b>		
2010	Continue emphasising zero tolerance policy	—
2010	Complete King III Code of Good Conduct review and determine required compliance actions	Quarter 3, 2010

Group overview

Business review

Operational review

Sustainability review

## Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
<b>People</b>		
2010	Improve staff health and safety in MTN Cyprus	—
2010	Complete integration processes: MTN in Cyprus	—
2010	Continue investment in staff: Determine effectiveness of LTM programme in MTN Yemen and continue driving staff development and growth in MTN Uganda	—
2010	Improve staff engagement levels in MTN Cameroon	—
<b>Environment</b>		
2010	Carbon footprinting data, process and education improvement. Commence Phase 2 footprinting	<ul style="list-style-type: none"> <li>• Implement process to ensure monthly reporting by quarter 4, 2010, for Phase 1 operations</li> <li>• Extend organisational scope to more operations</li> </ul>
2010	Provide additional capacity building and support for carbon footprinting and associated environmental issues: New and refresher training for CO <sub>2</sub> footprinting champions	By quarter 3, 2010

Reporting period/s	Commitment	Target
<b>Environment</b> (continued)		
2010 – medium term	Review and determine actions to address e-waste	Commence by quarter 4, 2010
2010 – medium term	Focus on energy-reduction initiatives	—
2010 – medium term	Continue exploring opportunities to switch to lower-emission or alternative renewable power sources for BTS power	—
2010	Roll out EMF framework across operations	—
2010	Improve understanding of EMF in MTN Cyprus and Yemen communities	—
Medium – long term	Develop and implement a carbon/energy management strategy	—
<b>Communities</b>		
2010	Launch MTN Rwanda foundation	February 2010
2010	Include focus on malaria in <i>21 Days of Yello Care</i>	May 2010

## Abridged sustainability report *continued*

Reporting period/s	Commitment	Target
<b>Suppliers</b>		
2010	Increase supplier participation in <i>21 Days of Yello Care</i> : MTN Congo-Brazzaville	May 2010
2010	Reduce late payment complaints: Ensure all purchase orders and approvals are captured electronically (MTN Cameroon)	Meet 30-day payment terms where applicable eg, SMEs
2010	Improve procurement toolkit: Improve purchasing/procurement controls (MTN Yemen)	—
2010	<ul style="list-style-type: none"> <li>• Help improve sustainability of MTN Uganda SME suppliers</li> <li>• Roll out national training on enterprise development in South Africa</li> </ul>	<ul style="list-style-type: none"> <li>• 10 MTN Uganda SME suppliers</li> <li>• Training in all nine South African provinces</li> </ul>
2010	Improve procurement processes, working with suppliers as strategic partners (MTN South Africa)	Complete procurement process automation
2010	Develop multi-sourcing strategy	—