

MTN Group Limited

Social and ethics committee report



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Koosum Kalyan
Chairman

"The committee assists the board and management in ensuring that the group's reputation is based on a solid ethical foundation and that it is a responsible and ethical corporate citizen. This contributes to enabling a sustainable business that delivers inclusive growth. In the year, the committee continued to monitor the progress of the implementation of MTN's ethics management programme and on ensuring that the CEOs of all our operations took responsibility for ethics management. Management and employees understand just how essential it is that everyone takes personal ownership of ethics management.

We started to evolve our approach to long-term sustainability and corporate social responsibility and social investment to ensure that the company creates shared value for shareholders and communities. We will do this by making better use of MTN's institutional capabilities.

In terms of BBBEE requirements, we will continue to drive transformation of MTN South Africa's supply chain by introducing more black-owned as well as black-women-owned suppliers."

Members

Koosum Kalyan (chairman)
Peter Mageza
Dawn Marole
Jeff van Rooyen

Attendance

4/4
4/4
4/4
4/4

By invitation: Group president and CEO, group chief human resources officer, group business risk officer, chief regulatory and corporate affairs officer's attendance

Mandate

The committee performs an oversight and monitoring role to ensure that MTN's business is conducted in an ethical and properly governed manner. It also monitors the development or review of policies, governance structures and existing practices. The committee's responsibilities include:

- Holding the group president and CEO accountable for MTN's ethics performance
- Monitoring activities regarding legislation and codes of good practice
- Ensuring good corporate citizenship including promoting equality; preventing unfair discrimination and fraud, bribery and corruption; deterring human rights violations; and contributing to community development
- Ensuring sound consumer relations monitoring the impact of MTN's activities and that of its products and services
- Overseeing meaningful broad-based black economic empowerment (BBBEE) in MTN South Africa.

Institutionalisation of ethics management

Ethics management practices are well embedded in management across the group. The year under review saw a shift in emphasis to ensure that ethical standards continued to be well communicated and understood by all employees. Initiatives were implemented across the group by the group office, complemented by opco-specific interventions managed by each opco's ethics task team.

In addition, a comprehensive series of interventions were implemented during the year to address ethics risk management. These focused on enabling employees and other stakeholders to contribute to greater corporate integrity.

MTN's identified ethics risks were recorded and tracked as part of the company's key risks using our enterprise risk management methodology. Along with all other corporate risks, MTN's ethics risks were defined according to the same risk appetite framework, ensuring proper risk treatment, monitoring and review.

BBBEE

The recently Amended ICT Sector Codes introduce the concept of Priority Elements, where a 40% sub-minimum must be achieved in designated pillars to avoid being discounted by a Contributor Level status. The following pillars are designated as Priority Elements: Enterprise and Supplier Development (ESD), Skills Development and Ownership.

In 2018, we aim to develop and implement a policy that will drive all our ESD initiatives ensuring that we meet our strategic objectives, ultimately enabling the overall BRIGHT strategy.

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In addition, we are looking at this policy to assist us in transforming both our value chain and supply chain by introducing 51% Black-owned entities, 30% Black-women-owned entities and Qualifying Small Enterprises.

Furthermore, we have made significant progress in our Skills Development element, however it is to be noted that the required target is based on an annual Leviable Amount. We will continue to maintain a keen focus on this pillar as it is also a Priority Element.

Stakeholder management

A new King IV Aligned Stakeholder & Reputation Management Framework is being developed for the group which will be rolled out to all MTN operations. This project has been part of the agenda of the committee over the past year. The framework will govern the group's stakeholder engagement practices in adherence to King IV and other leading governance standards. The effective implementation of the new framework at group and opco level, should positively impact MTN's reputation with stakeholders in the various categories – from employees, customers, investors, suppliers and business partners to regulators, governments, and civil society. This should also materially reduce the risk profile of the group and enhance our socio-political licence to operate in each of our chosen markets.

CSI

MTN's efforts to create shared value in our markets has been a key driver of how the company is perceived by stakeholders. The concept of creating shared value requires a shift from a traditional model of doing CSI to one in which business benefit is aligned with societal needs. In practice, this involves an approach to meeting business and society's objectives through enhancing the work of various MTN Foundations across the Group.

Our strategic intent has been to drive the use of technology to enable access to education, with the goal of promoting and enabling digital teaching and learning. In 2017, CSI activities have been focused on four specific areas to drive maximum impact, with EDUCATION leveraged as our KEY focus area of support.

In 2018, MTN will deliberate on a strategic shift in our approach that will amplify the centrality of shared value creation in our CSI activities.

Sustainability

More information on sustainability is set out in the sustainability report. 

Key activities in 2017

- Oversaw the implementation of the ethics management programme, including the revision of key ethics structures and policies and a new supplier code of conduct as well as carrying out ethics training
- Considered a revised stakeholder, issues and reputation management approach
- Took responsibility for the sustainability framework and sustainability reporting
- Identified two significant sustainability projects, including a solar energy flagship project, to be implemented in 2018
- Reviewed the activities of the MTN foundations and other CSI initiatives as we prepare to introduce a more integrated approach
- Oversaw progress by MTN South Africa under the amended BBBEE ICT sector code, which has significantly higher recognition levels.

Key focus areas for 2018

- Continue to evolve MTN's CSI approach in pursuit of shared value by making better use of MTN's institutional capabilities, and ensure that this work is integrated into initiatives to deliver on BRIGHT
- Oversee MTN's work to bring households solar energy boxes with connectivity functionality
- Oversee the implementation of a more structured and inclusive approach to stakeholder management, which is in line with the principles of King IV and monitors the health of our relationships
- Oversee MTN South Africa's efforts to develop an enterprise and supplier development policy to transform the supply chain by introducing 51% black-owned entities, 30% black-women-owned entities as well as exempt micro enterprises and qualifying small enterprises
- Ensure the primacy of ethics at MTN: business must be done in an ethical, safe and responsible way.