

MTN Group Limited

Independent assurance report to the directors of MTN Group Limited



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We have been engaged by the directors of MTN Group Limited (MTN or the company) to perform an independent limited assurance engagement in respect of selected sustainability information reported in the company's integrated report for the year ending 31 December 2017 (the report). This report is produced in accordance with the terms of our contract with the company dated 18 January 2018.

Independence, quality control and expertise

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement was conducted by a multi-disciplinary team of assurance specialists with extensive experience in sustainability reporting.

Scope and subject matter

The subject matter of our engagement and the related level of assurance that we are required to provide are as follows:

Limited assurance

The following selected sustainability information in the 2017 MTN integrated report, marked with "LA", was selected for an expression of limited assurance:

1. MTN Foundation CSI spend: ZAR (page 14).
2. Group employee culture survey result: overall performance % (page 14).
3. Group whistle-blower hotline data: number of fraud incidents reported and reviewed (page 14).
4. Net promoter score: %
 - MTN South Africa (page 14).
 - MTN Nigeria (page 14).
 - Other key markets (page 14).
5. Group total tax contribution: ZAR (page 14).

We refer to this information as the selected sustainability information for limited assurance.

We have carried out work on the data reported for 31 December 2017 only and have not performed any procedures with respect to earlier periods, or any other elements included in the 2017 MTN integrated report and, therefore, do not express any conclusion thereon. We have not performed work in respect of future projections and targets.

Respective responsibilities of the directors and PricewaterhouseCoopers Inc.

The directors are responsible for selection, preparation and presentation of the selected sustainability information for limited assurance in accordance with MTN's internally defined criteria set out in Appendix A to this report, referred to as the "reporting criteria". The directors are also responsible for designing, implementing and maintaining the internal controls as the directors determine is necessary, to enable the preparation of the selected sustainability information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the selected sustainability information for limited assurance has not been prepared, in all material respects, in accordance with the reporting criteria.

This report, including the conclusion, has been prepared solely for the directors of the company as a body, to assist the directors in reporting on the company's sustainable development performance and activities. We permit the disclosure of this report on the company's website, to be read in conjunction with the company's integrated report for the year ended 31 December 2017, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the 2017 integrated report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits and Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the selected sustainability information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the selected sustainability information for limited assurance. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the selected sustainability information for limited assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the selected sustainability information for limited assurance.

Our limited assurance procedures primarily comprised:

- Reviewing the processes that MTN has in place for determining the subject matter for limited assurance included in the report.
- Obtaining an understanding of the systems used to generate, aggregate and report the subject matter selected for limited assurance.
- Conducting interviews with management at corporate head office.
- Evaluating the data generation and reporting processes against the reporting criteria.
- Performing key controls testing and testing the accuracy and completeness of the data reported on a sample basis at head office and the selected operations.
- Reviewing the consistency between the subject matter selected for limited assurance and the related statements in MTN's report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the selected sustainability information for limited assurance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the selected sustainability information for limited assurance in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the report in the context of the reporting criteria.

In particular, where the information relies on the methodologies derived by independent third parties, our assurance work has not included examination of the derivation of those methodologies and other third-party information.

Conclusion

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the selected sustainability information for limited assurance for the year ended 31 December 2017, has not been prepared, in all material respects, in accordance with the reporting criteria.

Other matters

The maintenance and integrity of the MTN website is the responsibility of MTN's directors. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the MTN website.



PricewaterhouseCoopers Inc.

Director: Jayne Mammatt
Registered Auditor

PwC Johannesburg, 4 Lisbon Lane, Waterfall City
16 March 2018

Appendix A – The criteria

MTN Foundation CSI spend: ZAR

MTN Group's corporate social investment (CSI) activities are implemented through two vehicles: MTN Foundations in some of the countries in which MTN operates, and 21 Days of **Y'ello** Care programme (an employee volunteering initiative undertaken over a set period of 21 days annually). MTN CSI comprises financial, in-kind and employee volunteering initiatives undertaken by the MTN Group and its operations for the benefit of communities and other stakeholders in the countries in which MTN operates.

The following areas of spend are recognised for the purposes of CSI reporting: all direct financial and in-kind contributions (financially quantifiable) to initiatives in the following sectors:

- Education, including non-commercial sponsorships and bursaries.
- Health, including non-commercial sponsorships.
- Enterprise development, including non-commercial sponsorships.
- National Priority Areas.

CSI spending excludes investment with a direct marketing revenue benefit, commercial and political sponsorships, as well as employee volunteering initiatives authorised and approved annually by the group stakeholder relations CSI function, in terms of the 21 Days of **Y'ello** Care programme.

CSI spend includes operating expenses and management fees associated with the running of the foundation, where these are included in the foundation's trial balance and general ledger account.

Group employee culture survey result: overall performance %

The MTN Group employee culture survey is conducted annually across each of the MTN Group's 24 operating countries (referred to as opcos), and within the MTN Group head office (management company referred to as manco).

The survey is conducted at a business unit level and at a team level within the business unit. The survey reviews 16 dimensions that assess the extent to which MTN's standard full-time equivalent (SFTE) employees are a fit for the company's operational and competitive requirements as defined by the group's vision and strategy. In addition to sustainable engagement, the 16 dimensions measure innovation, diversity, pay and benefits, leadership, work organisation and efficiency, employee development, direct supervisor, performance management, company image, communication, goals and objectives, competitive position, values, retention and corporate integrity.

Group whistle-blower hotline data: number of fraud incidents reported and reviewed

The anonymous tip-offs line is managed by a third party, who collects the tip-offs and reports to MTN. MTN is responsible for the investigation of the tip-off. The tip-off items received include fraudulent tip-offs and other administrative matters.

An incident is regarded as received when the call is logged on the anonymous tip-offs line, evaluated by the contracted third party to eliminate dropped calls, prank calls and other non-events. Formal whistle-blowing reports are issued to MTN through the Deloitte Tip-offs Anonymous website.

Net promoter score percentage for MTN South Africa, MTN Nigeria, and Other key markets

Net promoter score (NPS) measures customers' experience with a brand through a simple question: "On a scale of 0 to 10, how likely would you be to recommend MTN to a friend or family member?" Responses of 9 or 10 are considered "promoters" while responses of 7 or 8 are considered "passives".

Any score of 6 or below is considered to be a “detractor.” Each country’s NPS is calculated by subtracting the percentage of “detractors” from the percentage of “promoters”.

Combined scores of multiple operations are calculated by weighting responses according to subscriber base within each operation.

Group total tax contribution: ZAR

Tax-related payments made during the 1 January 2017 to 31 December 2017 period which relate to:

1. Taxes borne through the operation of the company, including:
 - Corporate income tax.
 - Product and indirect taxes such as:
 - Custom duties.
 - Excise duties.
 - Value added tax (borne).
 - Other indirect taxes (e.g. but not limited to, country-specific taxes on services).
 - People and payroll taxes such as:
 - Unemployment insurance fund levy.
 - Occupational injuries and diseases levy.
 - Skills development levy.
 - Pay-as-you-earn settlements.
 - Withholding taxes.
 - Property taxes.
 - Stamp duty.
 - Operating licence fees.
 - Other government-specific levies (e.g. but not limited to local government permits, motor vehicle permits, property and municipal levies, registration fees and other government levies).
2. Taxes collected on behalf, and paid over, to the tax authorities, including:
 - Product and indirect taxes such as:
 - Value added tax (net of VAT collected by, and VAT refunded to, MTN).
 - People and payroll taxes such as:
 - Pay-as-you-earn.
 - Other employee taxes.
 - Unemployment insurance fund levy.
 - Withholding taxes such as:
 - Dividends tax.