

# ■ ■ Social and ethics report

for the year ended 31 December 2016

SOCIAL AND  
ETHICS REPORT

## Composition and terms of engagement

The committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of sections 72(4) and (5) of the Companies Act, 2008, read with regulation 43 of the Companies Regulations, 2011, which states that all listed public companies must establish a social and ethics committee.

The committee, despite being a statutory committee, is constituted by the board and fulfils the required functions on behalf of all subsidiaries. The board has delegated oversight of MTN's ethics management to the social and ethics committee, the committee holds the chief executive officer accountable for MTN's ethics performance.

## Members and attendance at meetings

The committee comprises four members, all of whom are independent non-executive directors. The composition of the committee and each member's attendance is set out below:

Members	Attendance
KP Kalyan (chairperson)	4/4
NP Mageza	4/4
MLD Marole	4/4
J van Rooyen	3/4

## Committee's role and execution of its mandate

The committee continued to:

- Perform an oversight and monitoring role in partnership with the risk management compliance and corporate governance committee and audit committee to ensure that MTN is a good corporate citizen and that MTN's business is conducted in an ethical and properly governed manner;
- Perform an oversight role over the implementation of the ethics management programme;
- Take responsibility for the sustainability framework and sustainability reporting for the MTN Group;
- Place greater focus on monitoring the MTN Foundations and other CSI initiatives, ensuring that their mandate is aligned to the business imperatives;
- Perform an oversight and monitoring role over the rollout of the stakeholder management plan.

## ETHICS

The committee continued to exercise strategic oversight of the ethics performance, through the committee's partnership with the risk management, compliance and corporate governance committee and the audit committee. The committee also ensures that MTN business is conducted in a way that is sustainable and reflective of the Company's culture of ethics.

In 2016, the committee ensured that an independent Group-wide corporate integrity survey was conducted. This allowed each OpCo to identify its key ethics risks and opportunities based on anonymous employee feedback. From the results of the survey, MTN's ethics risk owners were identified and targeted interventions were put in place to mitigate high ethics risks.

The Company continued to demonstrate leadership commitment to driving a culture of ethics. MTN Group became a signatory to the Coalition for Ethical Operations (CEO), which enables the Company's participation in the promotion of ethical business and the reduction of bribery and corruption across sub-Saharan Africa. The Company does so by sharing best practices, promoting training of suppliers and engaging in voluntary collaborative action.

## Ethics management structures

Ethics management structures were further bolstered in 2016 through the Ethics Officer Certification Programme (EOCP). We continued to certify a number of ethics officers, and at publication date (2 March 2017), we employed 19 certified ethics officers. It is envisaged that all OpCos will establish a full-time ethics office.

## Institutionalisation of ethics

Ethics governance and management is well embedded in the group of companies. The year under review saw a shift in emphasis to ensure that ethical standards were well communicated and understood by all employees.

Awareness initiatives were implemented across the group of companies by the Group ethics office, complemented by OpCo-specific interventions by each OpCo's ethics task teams.

Our centrally managed interventions included an enterprise-wide communications campaign to address common high ethics risks. The campaign utilised various communication channels and focused ethics communication to the Group's 19 989 employees.

A supplier code of conduct was also developed to set out the Company's approach to ethical and sustainable business practices. Suppliers are required to embrace this commitment as a prerequisite for working with MTN.

## SOCIAL

### Corporate Social Investments (CSI)

Various factors contributed to the decline of MTN's social investment initiatives, including issues of currency fluctuations, declining margins and in some cases the inability to implement programmes due to the socio-political challenges in some of our OpCos.

The table below shows that MTN's social investment decreased by approximately 12% to **R295 450 368** in 2016 from a total CSI spend of **R335 352 380** in 2015.

The MTN Nigeria Foundation accounts for 50% of MTN's total CSI spend. Therefore, the significant decrease in the total CSI spend for MTN Nigeria impacted the total CSI spend reported.

Spend area	2016 R	2015 R
Education	<b>127 620 625</b>	R155 489 319
Health	<b>69 435 923</b>	54 575 742
Enterprise development	<b>20 989 016</b>	26 421 854
National priority areas	<b>53 476 220</b>	48 251 219
Operating expenses	<b>23 928 584</b>	50 614 246
<b>Total</b>	<b>295 450 368</b>	335 352 380

### Achievements in 2016

Education is MTN's key focus area of support and to this end, a number of initiatives were implemented in the area of digital teaching and learning.

In many markets, we established multi-media centres, with PCs, workstations, servers, printers, projectors and internet connectivity, to enable remote access to tutorials, such as the Cyber Cloud solution in **Cameroon**. We rolled out similar centres in **Benin, Ghana, Ivory Coast, Rwanda** and **Congo**:

- We also set up computer labs for special needs learners in **South Africa**.
- In **Sudan**, we installed interactive whiteboards and trained teachers on how to use them.
- We set up mobile libraries in **Cameroon**, and opened the first of eight libraries planned for **Congo-Brazzaville**.
- In **Guinea Bissau**, we helped parents pay school fees through a secure MTN Mobile Money fees system, which also helped schools safeguard their revenues.
- In **Uganda**, the MTN Internet Bus toured the country and exposed people in rural areas to ICT. We also supported the government's drive to digitise secondary school learning material.
- In **Swaziland**, MTN's Educare programme broadcast maths and science lessons, delivering content via social media, allowing learners to interact with teachers in real time.
- In **Ivory Coast**, we partnered with Succès Assuré to make quality education content easily accessible. Learners received free online access to curricula, educational videos, courses, tests, previous exams, exercises and model answers.
- In **Cyprus**, we launched MTN Read – an app with a digital library offering more than 70 eBooks spanning primary and secondary school curricula.

### Telling Africa's history from another perspective

MTN is committed to support UNESCO's drive to write Africa's history from an African perspective. By supporting this project, MTN is participating in a crucial education initiative aimed at re-appropriating the interpretation and writing of Africa's history, as well as emphasising the contribution of African cultures to the history of humanity.

## Encouraging volunteerism

“21 Days of Y’ello Care” has become an extension of our positive social contribution. It is a platform where ordinary people can make an extraordinary difference to those around them.

MTN employees across our footprint volunteered to participate in a number of diverse and high-impact community projects. Armed with purpose and an unfailing “can do” spirit, over 10 500 MTNers left the comfort of their offices and became bricklayers, carpenters, painters and tutors, to make the lives of their communities a whole lot brighter. By the end of the three weeks, these volunteers had:

- built 10 classrooms;
- established 56 libraries, including two digital libraries, one mobile library, 50 mini-libraries, an audio library and two standard libraries;
- established eight ICT laboratories; and
- benefited over 100 000 people.

## Digital Human Rights

We are actively working towards meeting our obligations with respect to due diligence in digital human rights management and ensuring that ethical values are not compromised.

In 2016, we continued to review the principles set out in the Group’s digital human rights policy, and made significant progress in this area. We also reviewed how global dynamics and national conditions may affect peoples’ online rights. The results of our assessment are incorporated in a toolkit, the implementation of which will commence in 2017.

We found that a number of our existing processes were already fit-for-purpose, but there was room to improve some operational management mechanisms and procedures. Where appropriate, we built on international best practices and incorporated existing structures such as crisis and issues management teams to enhance decision-making and operational management of digital human rights incidents.

More information on MTN’s digital human rights position and progress on planned activities is available at <https://www.mtn.com/en/mtn-group/sustainability/sustainable-societies/Pages/digital-human-rights.aspx>

## Priorities in 2017

- Implement ethics risk-mitigating interventions and measure impact.
- Continue to emphasise training of employees towards ethical conduct, using differentiated means to reach and engage all staff.
- Certification of ethics officers to ensure a sound knowledge and practice base for ethics management, as our ethics challenges become more pronounced.
- Develop MTN-specific ethics learning materials for deployment across the Group.
- Conduct an external reputation audit/survey.
- Ensure improved consistency in CSI programme priorities and operational structures across our foundations.
- Pay attention to impact assessments and feedback from our CSI investments
- Increase knowledge-sharing across the Group among foundations and other CSI initiatives.
- Revisit committee’s terms of reference and workplan to ensure improved oversight of the following items in the social and ethics mandate in line with the Companies Act:
  - Sustainability programmes;
  - Supplier development;
  - Employment equity;
  - Labour relations.

**KP Kalyan**

2 March 2017