

# 2015 stakeholder engagement

Understanding and being responsive to our stakeholders' expectations are critical to the sustainability of our business. In order to deepen our relationships with our various stakeholder groups, we strive to understand what is important to them, and to address concerns or issues which they may have. Our Group stakeholder management approach recognises that stakeholder perceptions play a significant role in our reputation. We believe that, through engaging stakeholders, we can truly build and maintain their trust and respect.

2015 was a watershed year for MTN Group in terms of stakeholder engagement. Starting in 2014, there was a renewed focus on enhancing our stakeholder relationships and from January 2015 we introduced a new quarterly reporting protocol aligned to the AA1000SES *Stakeholder Engagement Standard*. We organised our stakeholders into 10 groups, and each operating company's (opcos) corporate affairs manager implemented greater monitoring and measurement of stakeholder engagements. At the heart of the new reporting is the understanding that our relationship with stakeholders can and does directly affect our reputation and our business.

This self-reporting from opcos to MTN Group has resulted in additional rigour around stakeholder engagement, and we have achieved an 80% rate of compliance to the new reporting standards, which will be improved in 2016. Iran, Liberia, Syria and Yemen are the four opcos which have not contributed to this report. The quarterly reports are reviewed and discussed at MTN Group's social and ethics committee's meetings, and any issues for noting are then raised at board level. The reports seek to ensure that the board is empowered with the necessary information to take any concerns or expectations of stakeholders into account when making decisions.

In addition to providing information to the board, these reports are then also distributed back through the opcos so that they can all have an understanding of stakeholder relations in other opcos and share innovative ideas, activities and approaches to stakeholder engagement.

Over and above the opco stakeholder reports, we had planned to carry out substantive independent stakeholder research in 2015. However, this was not implemented, but the scope and methodology were agreed and we approached research organisations for submissions. This is a core deliverable for 2016 and will greatly augment our understanding of the stakeholder landscape across the Group.

This report would be remiss if it did not reflect on the adverse impact in 2015 of MTN's relationship with the industry regulator in Nigeria and how this affected our approach to stakeholder engagement. The incident highlighted the vital importance of stakeholder relations, and made clear the responsibility for stakeholder engagement. From 1 January 2016, MTN implemented regional reporting and support under three regional vice presidents, who will have reputation and stakeholder management as key performance indicators. In line with this, from 2016, stakeholder engagement reports will be clustered and shared under the South and East Africa (SEA), Middle East and North Africa (MENA), and West and Central Africa (WECA) regions.

This report is compiled from the quarterly reports provided by all opcos that complied as per Table 1 below, in line with the GRI reporting standards:

STAKEHOLDER DESCRIPTION	ISSUES WHICH AFFECT OR CONCERN STAKEHOLDERS	HOW WE ARE ADDRESSING CONCERNS	ENGAGEMENT ACTIVITIES IN 2015 (* Liberia, Syria, Yemen and Iran did not report in 2015)	RESPONSIVENESS IN 2015 (Detailed quarterly stakeholder reporting began in Q1, and responsiveness figures were captured by stakeholder group only from Q2)	OPCO SELF-RATING OF STAKEHOLDER MANAGEMENT IN 2015
<p><b>Governments</b> The government stakeholders include primarily the presidential offices, and the ministries of ICT, telecoms or communication, the trade ministries, taxation authorities and indeed the South African government's Department of International Relations and Co-operation, as well as South Africa's foreign missions.</p> <p>In addition to these primary stakeholders, we also foster strong relationships with the ministries of education in all opcos as these are in our primary social investment sector. In our larger opcos, our social investment also extends our relationship to ministries of health and other departments where we support in national priority areas.</p>	<ul style="list-style-type: none"> <li>■ Improving mobile coverage to rural areas</li> <li>■ Reducing the cost of internet and communication to the people</li> <li>■ Ensuring a competitive trading environment in the sector</li> <li>■ Mitigating against the criminal use of mobile technology</li> <li>■ Use of mobile technology to engage the public on government matters and concerns</li> <li>■ Job creation and skills development in the ICT sector.</li> </ul>	<ul style="list-style-type: none"> <li>■ Partnering with governments on the use of ICT technologies to develop and support e-education and e-health programmes</li> <li>■ Creating enterprise development programmes</li> <li>■ Supporting small youth and women-owned businesses to develop ICT skills and use ICT platforms to drive business growth</li> <li>■ Working with our suppliers to deliver innovative affordable rural infrastructure programmes into the poorest areas.</li> </ul>	<ul style="list-style-type: none"> <li>■ Government was engaged through meetings, conferences and workshops, CSI project events and through social media platforms</li> <li>■ Between April and December 2015 some 465 activities were reported with governments across 17 opcos*</li> <li>■ Opco's engaged on average with governments two to three times a month. This is a very active stakeholder relationship.</li> </ul>	<ul style="list-style-type: none"> <li>■ During the reporting period, 246 requests were made for sponsorship, donations or support from governments in the 17 opcos</li> <li>■ MTN provided US\$2,7 million in terms of sponsorships, donations and meetings</li> <li>■ 80% of requests could not be supported due to budget constraints, non-alignment to the sponsorship policy and being politically aligned.</li> </ul>	<ul style="list-style-type: none"> <li>■ In general, all 17 reporting opcos indicated their relationships with governments were positive, and that they were exceeding their objectives with an average 7/10 rating for 2015</li> <li>■ Challenges in 2015 included our relationship with the Nigerian government and working with newly elected governments to establish new relationships.</li> </ul>
<p><b>Regulators</b> This stakeholder group is the authority which is appointed and formed by governments to oversee and monitor our compliance with licensing conditions.</p> <p>Regulators are defined separately from government as they play a powerful day-to-day role in our business operations.</p>	<ul style="list-style-type: none"> <li>■ Compliance of operators to licence conditions and terms</li> <li>■ Meeting the deadlines of any new licensing agreements</li> <li>■ Engaging constructively on regulatory conditions directly, for example quality of service, licence renewals and spectrum challenges.</li> </ul>	<ul style="list-style-type: none"> <li>■ Dedicated executive working with regulators in each opco to ensure that all licensing conditions are continually met, and that internal monitoring and understanding of licence compliance is understood</li> <li>■ Ongoing engagement with the regulators on spectrum allocation for high-speed networks, thus stimulating investments in the ICT sector.</li> </ul>	<ul style="list-style-type: none"> <li>■ Regulators were generally engaged face-to-face through meetings and industry round table sessions and when compliance monitoring reports were due</li> <li>■ Between April and December 2015, 303 engagement activities were reported with regulatory bodies across the 17 opcos</li> <li>■ Opco's are meeting regulators at least monthly.</li> </ul>	<ul style="list-style-type: none"> <li>■ During the reporting period, 93 requests for sponsorship or support were received from regulators.</li> </ul>	<ul style="list-style-type: none"> <li>■ Opco's reported that their engagements with regulators ranged from extremely positive and supportive, to negative and tense</li> <li>■ In the main, engagement with regulators were robust</li> <li>■ The majority of opcos reported a 7/10 score for stakeholder engagement</li> <li>■ The relationship in Nigeria was challenging, as detailed in the executive chairman's report and the material issues section of the integrated report.</li> </ul>

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<p><b>Customers</b> Customers include our registered customer base of individuals, SMME businesses and corporate clients.</p> <p><i>This group does not include the broader consumer or general public target audience which are engaged through our marketing approach.</i></p>	<ul style="list-style-type: none"> <li>Customer concerns are primarily around product and service delivery. This includes the coverage and stability of the network, the cost of services and access to the latest technology both in terms of infrastructure and handsets with minimal fuss</li> <li>There is also some concern around information security/ privacy and mobile cyber crime.</li> </ul>	<ul style="list-style-type: none"> <li>MTN is committed to keeping customers informed and educated about infrastructure developments, customer responsibilities in mobile usage, and new services being introduced through a sustained marketing approach</li> <li>In some opcos there are customer forums and customer appreciation weeks to facilitate more direct lines of communication with customers.</li> </ul>	<ul style="list-style-type: none"> <li>We engaged customers through advertising, editorial, social media, call centres, exhibitions/shows and monthly invoicing, vouchers, retail outlets and vendors</li> <li>Between April and December 2015, we carried out 552 activities with customers</li> <li>We engaged with customers on a daily basis and much of this engagement moved to online and social media platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Customers made sporadic requests to MTN for sponsorship or donations. 113 recorded requests came from our customers in 2015</li> <li>In terms of our policy, we do not donate or sponsor individuals, but rather direct them to civil society and registered reputable NGOs for assistance.</li> </ul>	<ul style="list-style-type: none"> <li>Opcos rated their engagement with customers as adequate – 6/10 on average</li> <li>Our marketing team is the custodian of customer engagement in the Group, and manages communication under the brand strategy</li> <li>Communication with customers about the organisation's operations increasingly became more pronounced as a need in all opcos.</li> </ul>
<p><b>Community</b> Communities include non-profit groups and associations of organised consumers or interest groups who are, or will be, affected by our service.</p>	<ul style="list-style-type: none"> <li>Communities are concerned about the safety of mobile equipment and emissions in communities</li> <li>Support of youth and promotion of diversity (particularly women) in the ICT sector</li> <li>Use of local labour</li> <li>Giving back to the communities from which MTN generates its profits</li> <li>Payment to landowners for infrastructure sites and securing permission to erect masts.</li> </ul>	<ul style="list-style-type: none"> <li>Most of our response is through the activities of the CSI teams or MTN Foundations as well as through the annual <i>21 Days of Y'ello Care</i> campaign where employees come together with the business to undertake projects in communities in every opco</li> <li>We undertake community education around base station safety as well as cabling safety at all new sites</li> <li>Employee recruitment strategies take into account local labour available near outlets.</li> </ul>	<ul style="list-style-type: none"> <li>We engaged through community meetings, well-attended community events and festivals, local media coverage and the distribution of printed materials</li> <li>During 2015, we recorded 235 engagement activities with community groups</li> <li>On average opcos had one to two engagements with a community group every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>Our communities requested the most from us in terms of help and support</li> <li>In many of our areas, the needs remained great and poverty remained a pressing reality of daily life. Over nine months we recorded 804 formal requests for support, sponsorships and donations and of these more than 80% could not be supported.</li> </ul>	<ul style="list-style-type: none"> <li>Opcos rated their engagements with community groups as a solid 7/10 in 2015</li> <li>There was a great deal of competitor activity in this space with sponsorships of cultural and traditional festivals being a favourite platform for engagement.</li> </ul>

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<p><b>Civil Society (NGOs)</b> Registered non-profit or non-governmental organisations working in the country, particularly those working to affect ICT policy and in the education, enterprise development, and health sectors with a strategy to use ICT.</p>	<ul style="list-style-type: none"> <li>■ Civil society is concerned with raising funds and support for worthy programmes aimed at those living in poverty</li> <li>■ There are some civil society organisations which are looking at affecting policy decisions around universal access to free internet or to substantially remove barriers so that everyone can benefit from internet access in future</li> <li>■ Humanitarian relief assistance.</li> </ul>	<ul style="list-style-type: none"> <li>■ During 2015, we updated the Group CSI policy to provide greater clarity for NGOs around the development sectors we will support and our preference for projects which include an ICT element to scale delivery</li> <li>■ A scorecard has been created to ensure that all projects requesting support are evaluated against the same criteria across the Group.</li> </ul>	<ul style="list-style-type: none"> <li>■ The NGO community was engaged through meetings, conferences and events and through online and social media sources and printed materials produced by the CSI Foundations</li> <li>■ During the reporting period, we reported 306 activities with civil society groups</li> <li>■ On average, opcos had one engagement with civil society every quarter.</li> </ul>	<ul style="list-style-type: none"> <li>■ Requests from civil society were mainly routed directly to the opco's CSI department or our MTN Foundation for a response</li> <li>■ A total of 306 other requests for charitable support, sponsorship and donations outside of the CSI/Foundation work were received in 2015</li> <li>■ We spent R335,4 million on CSI initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>■ Opco's reported that civil society relationships in 2015 were strained, with some NGOs expressing dissatisfaction with the response to requests for support</li> <li>■ Despite this, several opcos fostered excellent relationships in the sector, working through MTN Foundations and corporate services divisions</li> <li>■ CSI contributed significantly to MTN's corporate reputation during 2015, helping to offset the stakeholder sentiment triggered by the NCC fine against MTN Nigeria, and the protracted industrial action against MTN South Africa</li> <li>■ Our year-on-year stakeholder reputation positive sentiment driven by MTN Foundations and CSI initiatives grew from 66% to 68% overall. This positive sentiment reached 100% during Q4 from a level of 66,7% in Q3</li> <li>■ The average self-rating for 2015 was 7/10.</li> </ul>
<p><b>Suppliers</b> Suppliers include our registered vendors who provide goods or services in opcos. This group also includes outsourced service providers and infrastructure technology partners in all markets.</p>	<ul style="list-style-type: none"> <li>■ Suppliers are concerned with securing fair price contracts and with being paid timeously as a vendor without continual engagement</li> <li>■ In some cases, suppliers want to see more acknowledgement for their role in MTN's delivery as partners.</li> </ul>	<ul style="list-style-type: none"> <li>■ During 2015 there was a major group-wide campaign to move all vendors onto the new system implemented as part of <i>MTN Project Next!</i></li> <li>■ Educating suppliers on the governance processes to follow in order to ensure payments are made. This will be an ongoing drive for greater automation in 2016</li> <li>■ MTN is including supplier partner mentions where relevant in its marketing efforts.</li> </ul>	<ul style="list-style-type: none"> <li>■ Suppliers were engaged through meetings and training workshops and through online platforms</li> <li>■ Between April and December there were under 100 activities reported with suppliers</li> <li>■ Supplier stakeholder engagements were on a daily basis on an operational level, but as a formal group engagement we connected on average once a quarter.</li> </ul>	<ul style="list-style-type: none"> <li>■ Suppliers made just 15 recorded requests for support in 2015</li> <li>■ All other opcos did not record any financial support attributed to this stakeholder group.</li> </ul>	<ul style="list-style-type: none"> <li>■ Opco's rated their management of this stakeholder as an only adequate 6/10 in 2015</li> <li>■ There was robust engagement around the <i>MTN Project Next!</i> in all territories and an improvement in payment processing.</li> </ul>

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<p><b>Media</b> This stakeholder group includes media owners and managers, journalists, bloggers and influencers (media personalities) as well as our own internal media platform editors and service providers for social and online media.</p>	<ul style="list-style-type: none"> <li>■ The media is looking for new and different MTN stories of interest and relevance for its audiences</li> <li>■ The media is concerned with getting access to, and timeous response from, the leadership of MTN</li> <li>■ Traditional media outlets are struggling with dwindling advertising revenues and subscription and want corporations to support their platforms with hard currency through advertising.</li> </ul>	<ul style="list-style-type: none"> <li>■ We have provided clarity around spokespersons and committed to respond to comments timeously</li> <li>■ We have also embarked on an educational programme with journalists to explain the complexities of the ICT industry and service delivery, and facilitated tours to facilities. This has allowed the media to find new story angles of interest to their markets rather than only providing information through media releases and interviews with selected executives</li> </ul>	<ul style="list-style-type: none"> <li>■ Media representatives were engaged at briefing sessions, telephonically, through e-mail and the issuance of media releases</li> <li>■ There were also structured media house engagements with MTN leadership on an ongoing basis</li> <li>■ During the reporting period, 452 activities were recorded with media. Along with government, the media is our most engaged stakeholder group</li> <li>■ Media engagement was weekly and at times daily.</li> </ul>	<ul style="list-style-type: none"> <li>■ In the main, media requests were for advertising and therefore managed by the marketing department and/or appointed agency. Where advertising support was given, media relationships were more positive</li> <li>■ During the reporting period, a total of 97 requests for sponsorship or donations were recorded from this stakeholder group</li> </ul>	<ul style="list-style-type: none"> <li>■ During 2015, opcos achieved good success in engaging editor forums and journalist groups on an educational basis around how a mobile business works through tours and round table engagements</li> <li>■ The majority of engagement and storytelling was in the online environment. Twitter is the most popular platform in this regard in most opcos</li> <li>■ Opcos rated their stakeholder engagement with media as 7/10 for 2015.</li> </ul>
<p><b>Industry</b> This stakeholder group includes our mobile competitor set, other fixed line telco service providers, and various ICT private sector companies providing content, apps and software.</p>	<ul style="list-style-type: none"> <li>■ Industry concerns generally relate to not having clarity on licence conditions and regulatory frameworks and adverse trading conditions with too many or too few competitors. The introduction of various taxes on mobile communication services is also a core concern</li> <li>■ Other concerns are around the funding and introduction of updated infrastructure into markets.</li> </ul>	<ul style="list-style-type: none"> <li>■ We played a more active role in 2015 as a leader in the industry by engaging members of the African Telecommunication Union</li> <li>■ We hosted the GSMA (representing more than 800 operators globally) for meetings in Cape Town</li> <li>■ Our intention is to be more active in driving the African agenda around affordable universal access to the internet.</li> </ul>	<ul style="list-style-type: none"> <li>■ During the reporting period, 126 industry-based activities were recorded</li> <li>■ Engagements with this stakeholder group were mostly in a formal environment such as a conference, round table or regulatory session</li> <li>■ On average industry engagements were quarterly.</li> </ul>	<ul style="list-style-type: none"> <li>■ Very few requests came directly from the industry and often came through other stakeholder groups (government in particular) for sponsorship support.</li> </ul>	<ul style="list-style-type: none"> <li>■ Opcos rated the management of industry relations as only 6/10 on average in 2015</li> <li>■ Working together with private sector players in the fiercely competitive ICT market is challenging for some opcos, particularly where aggressive competitor tactics are in play.</li> </ul>

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<p><b>Investors and shareholders</b> This includes our large institutional investors, large private investors and local investors as well as our MTN Zakhele empowerment investors. This grouping also includes analysts and brokers.</p>	<ul style="list-style-type: none"> <li>Investors and shareholders are concerned about sustainable share value and governance as primary issues.</li> </ul>	<ul style="list-style-type: none"> <li>We address any concerns with regard to the business through investor notices, trading updates and with media statements to the financial and business media</li> <li>The Nigerian Communications Commission (NCC) fine necessitated extraordinary communication with investors in 2015</li> </ul>	<ul style="list-style-type: none"> <li>During 2015, our investor relations continued to be managed at a Group level in line with governance requirements on a quarterly basis and as when necessary</li> <li>Investors are engaged at general meetings where we share our annual, quarterly and interim results</li> <li>We maintained an online calendar and information portal for investors.</li> </ul>	<ul style="list-style-type: none"> <li>No requests were recorded from this stakeholder group in 2015.</li> </ul>	<ul style="list-style-type: none"> <li>Opcos management of local investor relations is a new mandate for the Group, and will be explored in 2016</li> <li>While the responsibility to meet overall governance standards remains at Group level, we will explore how opcos can engage more with local investor groups.</li> </ul>
<p><b>Employees</b> This group includes full and part-time employees as well as contractors and consultants who represent MTN.</p>	<ul style="list-style-type: none"> <li>Employees' primary concerns are around remuneration and job security</li> <li>In addition there are worries around skills development, training and advancement opportunities within the Group.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to provide platforms for engagement and transparency around the Company performance and the link to remuneration decisions</li> <li>We view outsourcing of functions very carefully and engage employees around the aspects of change, striving for minimal job losses.</li> </ul>	<ul style="list-style-type: none"> <li>Employees were engaged through induction sessions, CEO round tables, online newsletters, e-mails, social media, staff meetings, line manager/employee meetings, the Group Culture Audit, integrated performance framework, office posters and printed material and recognition and reward programmes</li> <li>During the reporting period, 208 employee engagement activities were reported. (This figure does not include the many HR activities or the 21 Days of Y'ello Care programme)</li> <li>Key positive activities reported in 2015 include the MTN Project Next! and MTN Shine programmes and the EVP (Employee Value Proposition), vital behaviours campaign and wellness event</li> <li>Employee engagement was daily.</li> </ul>	<ul style="list-style-type: none"> <li>Employees did not make any formal requests that were recorded, but continued to provide feedback and input through the various internal communication and management structures in place and through the annual staff culture survey</li> <li>We employ 21 084 people across 22 operations.</li> </ul>	<ul style="list-style-type: none"> <li>Opcos reported positive engagements with employees during 2015 with a final rating of 7/10 in the final quarter</li> <li>There were, however, challenges during the year with employee industrial action around remuneration and outsourcing</li> <li>The industrial action at MTN South Africa was resolved amicably, setting the basis for the ongoing engagement between the company and employees in pursuit of mutual interest growth.</li> </ul>