

# MTN stakeholder engagement report

for the year ended 31 December 2016

Successful interactions with our stakeholders are essential for sustainable value creation. We strive to understand what is important to those who impact our business, as well as to those on whom we have an impact, and to be responsive to their expectations. This informs our material issues, our strategy development and evaluation, and our management of risks.



2016 marked the second year during which our Opcos reported against the new protocol on stakeholder relationship management and monitoring. In addition, we added new measures to gauge the perceptions of CSI, ethics and issue management for the reputation of the organisation and to create a trackable “reputation score” for each country.

We formalised engagement and involvement of our 10 primary stakeholder groups in our core business activities and made measurement and reporting more systematic. We also introduced some structural changes to heighten stakeholder focus. The business accountability for stakeholder engagement and relationships was assigned at executive level and placed under the three regional vice-presidents. We created a Group executive position for regulatory affairs and public policy. These measures ensured that accountability for reputation is at the highest level in the organisation, and that regulatory oversight from the centre is strengthened. The board’s Social and Ethics Committee continued to have quarterly oversight over MTN’s corporate reputation activities, recommending improvements, among them a complete review of the compliance levels for all the MTN Foundations and CSI divisions to the Group’s strategy and policy.

## The key stakeholder themes

The key stakeholder themes in 2016 were derived from our interactions in the year and describe those issues on which management engaged the most, and on which the sustainability of the business relies. All are linked to the execution and delivery of our strategy, and are measured through key performance indicators:

# MTN stakeholder engagement report continued

for the year ended 31 December 2016

Key stakeholder themes	What this means for our stakeholders	Our actions in 2016
<p><b>Heightened regulatory scrutiny and uncertainty</b></p> <ul style="list-style-type: none"> <li>The impact of the circumstances that led to the National Communications Commission imposing a significant fine on MTN Nigeria in late 2015 was felt across MTN's African footprint. This led to increased vigilance, both by the regulatory authorities and network operators.</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Fair regulation creates a competitive ICT industry that delivers value to our customers.</li> <li>Being a lawfully registered subscriber facilitates citizenship and active participation in the new digital economy.</li> </ul> <p><b>Regulators</b></p> <ul style="list-style-type: none"> <li>Compliance with regulations ensures a stable ICT sector.</li> <li>Subscriber registration is a national security imperative.</li> </ul> <p><b>Investors</b></p> <ul style="list-style-type: none"> <li>Some regulations have unintended business consequences and adversely affect competitiveness.</li> <li>Regulatory delays regarding allocation of high-speed spectrum discourage much-needed investment in the sector.</li> <li>Also of concern are policies that affect operators' existing investments.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced our compliance structure and established an operational risk and compliance committee to ensure all licence requirements are adhered to, key among which was proper registration of subscribers, failing which we risked incurring more penalties.</li> <li>Increased engagement with regulators and customers to minimise the business impact of subscriber termination and new registrations across our markets.</li> <li>Strengthened MTN's regulatory function, with executive oversight and support from the Group. Appointed an executive for Group regulatory affairs and public policy.</li> <li>Increased engagement with regulators to drive MTN's growth agenda, as well as to mitigate regulatory risks, including non-compliance with licensing conditions.</li> </ul>
<p><b>Quality of service</b></p> <p>MTN operates in dynamic markets characterised by rapidly changing customer needs and growing demand for world-class services. The shift to data services has increased network requirements and customer expectations for quality services. Often this leads to network quality challenges, which ultimately undermine MTN's brand promise.</p>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>With unprecedented access to knowledge, our customers know what they want: value for money.</li> <li>Connectivity has given consumers the ability to organise against perceived unfair business practices, for example #datamustfal.</li> <li>Customers want better, faster products at an affordable rate.</li> </ul> <p><b>Regulators</b></p> <ul style="list-style-type: none"> <li>Regulators have become active consumer champions.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to roll out competitive value propositions to customers as part of delivering a bold new Digital World.</li> <li>Continued to modernise and expand network infrastructure.</li> <li>Increased regulatory engagements on new spectrum allocation across our markets.</li> <li>Secured new spectrum in many markets.</li> <li>Educated consumers about use and pricing of digital services through engagements and marketing campaigns.</li> <li>Implemented a "fair treatment" policy for digital services.</li> </ul>

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<p><b>Corporate citizenship</b> Society's expectation of business continues to grow, so do MTN's corporate citizenship activities evolve to drive socio-economic development in our markets.</p>	<p><b>Communities</b></p> <ul style="list-style-type: none"> <li>• Communities expect MTN to make a meaningful socio-economic impact.</li> <li>• Their needs are many and varied, requiring a carefully considered approach by MTN in our socio-economic investments.</li> <li>• They want reliable coverage for all, and more support for poorer, rural areas.</li> <li>• Communities want safe, effective modern infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• MTN remains one of the largest contributors to fiscal revenues in the vast majority of our markets, enabling governments to provide social services to citizens.</li> <li>• MTN Foundations continue to transform people's lives in the areas of education, health and enterprise development.</li> <li>• The work of MTN Foundations creates enduring positive perceptions of the MTN brand in our communities.</li> </ul>

The changes implemented in 2016 improved the upward flow of information and insights, as well as the quality of stakeholder engagements and outcomes. They also led to better sharing within the Group: quarterly stakeholder feedback to Opcos at regional workshops builds a collective understanding of stakeholder relations, and sharing of ideas, activities and approaches to stakeholder engagement.

We will do more work in 2017 to improve alignment and sharing of stakeholder approaches to enhance MTN's reputation. Creating and managing stakeholder value remains one of our strategic themes, essential for good business management.