In this, our second sustainability report, we will highlight the progress made since the last report published in September 2008 on the website. The reporting period remains aligned with our financial reporting period and this document should be read in conjunction with the annual report and the information on our website (www.multichoice.co.za). We have made a concerted effort to establish our direct impact on the environment by establishing our carbon footprint for the first time, of which the results are included in this report.

The report is compiled in accordance with the general guidelines of the Global Reporting Initiative. With the supplement for the media and entertainment industry still under development, emphasis is placed on the areas where MultiChoice can positively contribute to the South African society.

Any feedback can be communicated via gri@naspers.com
STRATEGY AND ANALYSIS
MultiChoice Enriches Lives. It’s our mission to brighten people’s lives with compelling digital media content. Whether it’s through pay-television, the internet, mobile phones or any other device on the digital horizon, our goal remains the same:

*We Enrich Lives. It can happen anywhere. In a city. In a remote village. To millions of people. To one person. To someone we don’t know. To someone we work with. To the fortunate. To the less fortunate.*

MultiChoice’s involvement in South Africa goes beyond its core business. Through its corporate social investment, the company actively participates in social transformation and through technology enables individuals and communities to help themselves, ultimately leading to the growth of the economy of the country.

MultiChoice provides premium digital media entertainment, content and services to multiple devices, which include pay-television subscriber services to over 2.4 million subscribers.

Our dynamic technology platform and excellent bouquet of channels, built around compelling and premium movie and sports channels, has resulted in the company building a significant television business across South Africa, broadcasting more than 80 video, over 40 audio and over 30 radio channels and more than three interactive channels, 24 hours a day on our DStv platform.

Our website ([www.multichoice.co.za](http://www.multichoice.co.za)) is an important and accessible communication with our stakeholders.

ORGANISATIONAL PROFILE
MultiChoice is one of the outstanding examples of a pioneering South African company, owned by Naspers Limited, an international player providing entertainment, technology and e-commerce services. Based in Johannesburg, the group has terrestrial analogue and digital direct-to-home satellite television platforms.

The existing analogue system has been around for twenty years, delivering the main M-Net entertainment channel and Community Services Network (CSN). The analogue system uses 72 transmitter sites to deliver content exclusively to South Africa.
Via our satellite broadcasting platforms, MultiChoice imports channels from all over the world. These are packaged with local channels originating in the countries in which we operate, to form compelling entertainment bouquets for subscribers.

DStv
*So much more!*

www.dstv.co.za
DStv works on the principle that no two people are exactly alike. MultiChoice, through DStv, provides a broad spectrum of entertainment and information and offers customers various bouquets to suit their tastes and their pockets.

MNet
*Where the magic lives*

www.mnet.co.za
M-Net, a pioneer in the South African pay-television industry was founded just over twenty years ago. It prides itself on providing premium international and local entertainment to its viewers. Its high quality and award-winning South African programmes, like *Carte Blanche*, *Binnelanders*, *Jacobs Cross* and *Egoli* have helped position M-Net as the ‘best-of-breed’ channel. This means only the very best, most exciting and latest programming is shown on M-Net.

SuperSport
*The world of champions*

www.suprtsport.com
SuperSport, the World of Champions, produces ten channels for the DStv platform. In addition, a number of channels are broadcast in various ways for reception on handheld services. Highlights are streamed on the SuperSport web site.

SuperSport’s array of live coverage includes the major World Cup tournaments, the golf majors, the tennis Grand Slam events, F1, plus most major and local leagues of the important sports codes.

Oracle Air Time Sales
*We have all the channels – you have all the choice*

www.oats.co.za
Oracle Air Time Sales (Proprietary) Limited manages terrestrial as well as satellite commercial airtime sales and on-air sponsorship across a variety of dynamic media brands. Established in September 1995, Oracle Airtime is sold on a large number of pay-television commercial channels, in addition to the two terrestrial M-Net channels.

GOVERNANCE

As governance is essential to the interests of stakeholders of the MultiChoice group, the board of directors aspires to conduct the business of the group with integrity. It applies appropriate corporate governance policies and practices in each company in the group. MultiChoice is a major subsidiary of Naspers Limited, a company listed on the JSE Limited and the London Stock Exchange. As a consequence, it is required to comply, where appropriate, with the guidelines contained in the King Report on Corporate Governance for South Africa 2002 (King II). MultiChoice has an independent
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board of directors, which has established its own governance practices and subcommittees that comply in the main with applicable governance and regulatory requirements. The board’s audit, risk management and remuneration and equity committees fulfil key roles in ensuring good corporate governance. The group uses independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the MultiChoice board on matters of corporate governance.

**Improvements made during the past year and plans for the year ahead**

The board has a process to review the effectiveness and role of the board and its chair, as well as the effectiveness of the respective board committees. An annual self-assessment of the functioning of the audit and risk management committee is also performed, which includes competencies of the committee. Whistle-blowing facilities are in place. These make provision for employees to anonymously report unethical conduct like crime and corruption in the workplace. Planning of and reporting on the group’s corporate social investments has been reviewed.

While the board believes that the company’s level of compliance with the appropriate governance requirements is sufficient, it recognises that practices and procedures can always be improved, and therefore reviews progress annually.

For the ensuing financial year MultiChoice will evaluate areas where corporate governance can be strengthened. The implications of the new Companies Act in South Africa and the King III Code on Corporate Governance (currently under review) will be analysed and the appropriate steps taken.

Please refer to the annual report to shareholders of Phuthuma Nathi for more detailed information on our website (www.multichoice.co.za).

**The board**

MultiChoice has a unitary board structure, which fulfils oversight as well as controlling functions. The board has a charter evidencing a clear division of responsibilities. The majority of board members are non-executive, and therefore independent of management, so as to ensure that no one individual has unfettered powers of decision-making and authority. In addition, to ensure a clearly defined division of responsibilities, the roles of chair and chief executive are separate.

**The chair**

The chair is an independent, non-executive director. He provides guidance to the board as a whole and ensures that the board is efficient, focused and operates as a unit. He acts as facilitator at board
meetings to ensure a flow of opinions and attempts to lead discussions to optimal outcomes in the interests of good governance. He represents the board in external communications in consultation with the chief executive and the chief financial officer.

**Appointments to the board**

The board has adopted a policy on the procedures for the appointment and orientation of directors. The remuneration and equity committee periodically assesses the skills represented on the board by the non-executive directors and determines whether those skills meet the company’s needs. Annual self-evaluations conducted by the board and its subcommittees also assist in this regard. Directors are invited to assist with the identification and nomination of potential candidates. The members of the remuneration and equity committee, two of which are independent, propose suitable candidates for consideration by the board. A “fit and proper” evaluation is performed for each candidate identified.

**Retirement and re-election of directors**

All directors are subject to retirement and re-election by shareholders every three years. In addition, all directors are subject to election by shareholders at the first opportunity, in the case of an interim appointment.

**Orientation and development**

An induction programme is held for new members of the board and of key committees, specifically tailored to the needs of the individual appointees. This involves industry and company-specific orientation, such as company visits and meetings with senior management to facilitate an understanding of operations. The company secretary assists the chair with the induction of directors, including arranging specific training, if required. The company will continue director development to build on expertise and develop an understanding of the businesses and the markets in which it operates.

**Conflicts of interest**

MultiChoice has adopted formal procedures that deal with the management of potential conflicts of interest to ensure those candidate directors, as well as existing directors, are free of conflicts of interest between the obligations they have to the company and their private interests. Any interest in contracts with the company must be formally disclosed and documented. Directors must also
adhere to a formal policy in respect of the trading of securities of its ultimate holding company, Naspers.

**ECONOMIC**

MultiChoice South Africa Holding’s (MCSAH) principal shareholders are MIH Holdings Limited, Phuthuma Nathi Investments Limited, Phuthuma Nathi Investments 2 Limited, who own 80%, 13.3% and 6.7%, respectively. MCSAH’s ultimate controlling party is Naspers Limited, a company listed on the Johannesburg Securities Exchange of South Africa.

MultiChoice reports its financial performance according to International Financial Reporting Standards (IFRS) and its complete annual financial statements are published on the website.

Despite the economic downturn in South Africa, revenue increased 38% to R12bn for the year ending 31 March 2009, of which 75% is subscription revenue. The increase is mainly attributable to growth in the number of subscribers. MultiChoice introduced a range of bouquets during the past years to diversify its offering and enable lower income classes to also subscribe thereto. The group achieved a net profit of R2.4bn after income tax of R1.0bn. This represents a 24% increase in profit from 2008, with a similar increase in income tax. The group did not receive financial assistance from government.

Being a television operator implies that our impact on the environment lies in its electricity use required to broadcast programming. Energy supply is primarily coal-based in South Africa. Coal is both a scarce resource as well as inherently harmful to the environment, given its contribution to carbon-based emissions. The inconsistency in electricity supply in the recent years has forced MultiChoice to implement alternative measures in the form of generators at its main broadcasting units in Randburg to ensure continuous content delivery to its subscribers.

Our suppliers of decoders are both South African based and international, and are continuously investigating options to limit the impact of decoders to the environment whilst ensuring a top quality viewing experience. The manufacturing process of decoders (set-top boxes) is classified as low risk to the environment.

Programming is sourced internationally, or, in the case of M-Net, produced by outsourced local production houses. SuperSport purchases sports rights for international events and is responsible for the broadcasting of certain local sports events, such as the PSL soccer league and rugby events.
**MultiChoice 2009 sustainability report**

The company’s annual financial statements reflect a healthy balance sheet and it remains a going concern. Its most significant long-term liabilities are dollar-based satellite lease facilities.

There were 3,601 full-time employees working at the MultiChoice group at 31 March 2009 (2008: 3,444). The total staff cost was R1bn for the year (2008: R0.8bn), with a very small percentage of foreign nationals.

**Employee benefits**

**Retirement benefits**
The group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to a number of defined contribution provident funds. The assets of these funds are generally held in separate trustee-administered funds.

**Bonus plans**
The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company’s shareholders and various other performed related considerations.

**Medical aid benefits**
The group’s contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the group.

**Share-based compensation benefits**
The group operates a number of equity and cash-settled share-based compensation plans.

The group paid dividends of R780 million to its shareholders in 2009 (2008: R650 million) and the board recommended a dividend be declared of R900 million based on the 2009 results.

During the past year there were no environmental accidents nor were there any fines imposed by the government.

**ENVIRONMENT**
The pay-television sector’s direct impact on the environment is low and mainly through the use of electricity. We have for the first time measured our direct carbon footprint with the assistance of a specialist environmental consulting firm for the year April 2008 to March 2009.

The primary source of energy in South Africa, as supplied by Eskom, is coal.
SOCIAL PERFORMANCE

The MultiChoice Corporate Social Investment Strategy is underpinned by the need to make a sustainable and lasting impact in communities within which it operates. Our focus areas are media development, education, and the orphaned and vulnerable children.

Through direct technology investments and support the company enables individuals and communities to help themselves, thereby minimising dependence. Our website provides comprehensive information regarding our involvement in these areas.

A part of our vision statement is nurturing the best talent. The MultChoice company values are:

- Participation
- Development
- Customer focus
- Mutual respect
- Innovation
- Performance driven

Employee Relations

The Workplace Forum is there to protect the interests of employees. It provides every one of our employees, no matter what position, representation. The Workplace Forum’s major functions are to:

- Promote the interests of all employees
- Enhance the efficiency in the workplace
- Be consulted by the employer with the objective of reaching consensus
- Participate in joint decision-making

Carbon Footprint: 16,479 tons of CO2e

- Electricity: 74.56%
- Water (Embedded CO2): 12.31%
- Fugitive Emissions: 8.91%
- Stationary Fuels: 0.76%
- Company-owned mobile sources: 3.46%
Skills development.

With technology at the core of our business, skills development of the MultiChoice team is crucial. That’s why we offer career opportunities in different areas of our business and company programmes that are designed to meet employees’ and company needs.

MultiChoice’s learnership programmes are vocational education and training modules to facilitate the linkage between structured learning and work experience in order to obtain a registered qualification. It combines theory and workplace practice into a qualification that is registered on the National Qualifications Framework (NQF).

MultiChoice participates in learnerships and internships to build skills and improve employee performance, create opportunities for employment and career advancement for people who cannot secure employment due to lack of skills and work experience, create a talent pipeline for scarce and critical skills, and to pull in talent in entry positions.

This is evident from the following example:

Some of the largest challenges facing the IT industry are the shortage of skilled personnel. However, through a successful learnership, Errol de Preez, MultiChoice’s chief information officer, has over the past decade, managed to build an enviable team of IT specialists that reflects MultiChoice’s support for employment equity. Although de Preez admits “it hasn’t been easy to achieve.”

The company works closely with the industry to promote development. “Over the years we have taken an active approach towards seeking young previously disadvantaged graduates. In 2008 MultiChoice worked on a specific learnership programme with the IT Seta and took on three learners, all of whom we have employed,” explains Du Preez.

This year MultiChoice is mentoring 10 learners, and hopes to be able to provide employment for some of them once their learnerships are complete.

“The programme is really about giving the learners experience in all facets of IT support and systems – from the typical customer interface to high-level technical interface with global satellites. There are also plans to include some international experience for the learners in future,” says Du Preez.

Overall, beyond the IT division, MultiChoice is currently pursuing a rigorous learnership and intern programme that has seen the participation of 32 learners in the company’s Business Strategy, Customer Care and HR divisions, while an additional 23 interns are undergoing training in their Corporate Affairs, Content, ITD and Finance divisions.
Du Preez, who has been with MultiChoice for 10 years and has always been in IT, acknowledges that the current skills shortage is certain to continue dogging the industry’s heels for a while yet. Nevertheless, he has a personal passion for nurturing young talent into the industry and looks forward to rising to this particular challenge in his own uniquely inimitable way.

**Employee Wellness**

Employee Wellness - This on-site offering has a variety of mental, physical and financial health, wellness and work/life services for all employees. The services are convenient, accessible and, most importantly, cost-effective. Crèche - MultiChoice goes as far as providing a Montessori Nursery School for its Randburg employees.

**Diversity and employment equality**

The MultiChoice group continues to embrace the principles of black empowerment, in particular with the appointment of our staff and skills enhancement. Various skills development programmes include the in-house Management Advancement Programme (MAP) and MBA in collaboration with Wits Business School and other programmes focusing on supervisory skills, media management and leadership. We also have a graduate placement programme for university leaders. Our skills development programme currently supports 86 internships and 130 learnerships.

Composition of our 3 601 staff compliment is as follows:
BBBEE

PHUTHUMA NATHI

MultiChoice believes in broad-based black economic empowerment. With this in mind, we created Phuthuma Nathi Investments, a wholly owned black South African company that now holds 20% of MultiChoice South Africa. When launched, Phuthuma Nathi was the largest empowerment transaction in the listed media sector.

INVEST IN THE FUTURE

Phuthuma Nathi gave qualifying black groups and black individuals the opportunity to invest in an innovative industry in a truly South African company, whose products and services are world renowned. The two Phuthuma Nathi empowerment transactions in September 2006 and January 2007 have resulted in 120 000 black shareholders being added to our diverse shareholder base. The success of Phuthuma Nathi lies in its unique structure. By making Phuthuma Nathi broad based and accessible to people across income levels, ordinary South Africans were able to purchase shares in MultiChoice.

POWER TO THE PEOPLE

Our empowerment strategy doesn’t begin and end with Phuthuma Nathi. It includes:

- Employment equity and staff development
- Preferential procurement (contractors)
- Community development and CSI initiatives
- Equity shareholding.

SOCIETY

MultiChoice operates in a highly regulated environment in South Africa where legal compliance is of critical importance to the group. We aim to play an active and constructive role in the regulatory process affecting the communications industry. We actively participate in various public forums and debates to assist regulators to formulate standards and strategy for this industry. The group was not sanctioned to pay significant fines for non-compliance in the past year.
There is an anonymous hotline where alleged incidents of fraud or corruption can be reported. The activity on this line is actively monitored.

The group is also actively looking for ways in which it can contribute to the society, one of which is the “Let’s Play” initiative of SuperSport (www.letsplay.org). Let’s Play ensures, in conjunction with its partners, that over 580 000 children from 927 schools participate in coaching clinics supervised by 620 coaches every week.

Our aim is to elevate awareness of our social situation and to introduce and encourage play, activity and sport in schools and at home. This is done through advanced media campaigns and close associations with organisations that target children and introduce activities to schools, homes and communities.

**Khulisa Project**

MultiChoice launched its flagship project, Khulisa. This initiative provides infrastructure support and organisational capacity building for centres that provide residential care for orphaned and vulnerable children. The Khulisa beneficiary in the Western Cape for the past year was Baphumelele Children’s Home. The home provides care for over 50 vulnerable children from Khayelitsha and surrounding townships. Baphumelele received a fully paid-for cluster house for older children. In Soshanguve north of Pretoria, Khulisa provided much needed renovations for Ikhaya LeNjubulo Children’s Home. This facility provides social services to over relatives to care for them. The building is expected to be completed this year. Another key element of the Khulisa project is to assist beneficiary organisations to function more efficiently.

**HEALTH AND SAFETY**

MultiChoice is committed to a healthy and safe working environment and conducts annual risk and compliance audits at its premises.
Wellness
During the previous year a wellness centre for staff was established at the Randburg campus. The centre provides services such as physiotherapy, optometry, family planning, financial advice and an on-site nurse.

HIV/Aids
The Direct Aids Intervention Programme is a professional HIV/Aids management programme available to all permanent employees of MultiChoice. Voluntary counselling and testing is conducted on site twice a year. With the last round of tests held in December 2008, some 253 employees were tested.

Monitoring
Electrical safety compliance testing is conducted on a bi-annual basis to detect and remedy hot points (cable heating) and harmonic (noise) levels, which could potentially result in fires. No exceptions were noted during the most recent test. Monthly health and safety audits are carried out by our health and safety specialists at the Johannesburg, Cape Town and Durban offices. Our current rating is 99% for Johannesburg and 95% for Cape Town and Durban (market standard 89%). A register of incidents is maintained and no major incidents were recorded for the year under review.