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P10neering *the way*

MTN Group Limited

Corporate Governance Report for the year ended 31 December 2010



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Corporate Governance report

Introduction

The board of directors and senior management subscribes to high ethical standards and principles of corporate governance. This has been an important feature of the business since the Company's foundation. The Company's corporate governance system is the cornerstone of its primary objective of creating value for stakeholders in a sustainable way.

Corporate governance is constantly evolving and MTN focuses on continually seeking ways to improve on its corporate governance standards. Below are highlights of some of the major corporate governance improvements undertaken during the period under review.

MTN Group strives to maintain and enhance sound governance standards through constant review of current and emerging trends, both locally and internationally.

King III, which was effective from 1 March 2010, cemented South

Africa's commitment to world-class principles and guidelines on corporate governance. King III was formulated to, among others promote the legislative framework set out in the Companies Act, No 71 of 2008. King III has therefore become the keystone of corporate governance principles.

The JSE Listings Requirements have indicated that listed companies should comply with the new recommendations contained in King III in respect of financial years commencing on or after 1 March 2010. MTN already applies the majority of King III principles and recommended practices.

Board overview

The MTN Group has a unitary board structure comprising a majority of independent non-executive directors. The board considers nine out of the 11 non-executive directors to be independent. Determination of independence is guided by the King Code on Governance for South Africa, the Companies Act, The JSE Listings

Requirements and corporate best practice. The profiles of the board of directors are set out on pages 20 and 23 of the Integrated Business Report.

Directors play a critical role as board representatives on the various board committees and ensure that the Company's interests are served by impartial, objective and independent views that are separate from those of management and shareholders.

The MTN Group board retains full and effective control over the Group and is responsible, inter alia, for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. The full extent of the board's responsibilities is contained in an approved board charter. The directors are of the opinion that they have adhered to the terms of reference as detailed in the board charter for the financial year under review.

The strategy of the Group is mapped by the board in consultation with the executive and steering committee (Exco). The board and Exco meet once a year to formulate, review and agree on the Group's strategic intent and the Group's areas of focus and growth. Exco members are required to present the Group and individual business unit strategies to the board. All significant transactions, in line with the Group's pre-determined levels of authority, are required to be presented to the board. The board extends a standing invitation to Exco members to attend meetings of the main board, as required.

Chairman

The board is chaired by MC Ramaphosa. No individual board member has unfettered powers in respect of decision making. Responsibility for managing the board and executive responsibility for the conduct of the business are differentiated. Accordingly, the roles of the chairman of the board and the chief executive officer are separate. The chairman

is responsible for leadership of the board, ensuring its effectiveness in all aspects of its activities and setting its agenda. The chairman is also responsible for ensuring that the directors receive accurate, timely and clear information. The chairman also ensures effective communication with shareholders and facilitates the effective contribution of non-executive directors in particular and ensures constructive relationships between executive and non-executive directors.

The board, on the advice and recommendation of the executive and steering committee (Exco), is responsible for setting the strategic direction of the Company. Annually, the board considers debates and adopts with or without amendments, a strategic plan presented by Exco.

Group president and chief executive officer (GP & CEO)

PF Nhleko (who resigned on 31 March 2011) was the GP & CEO

for the year under review and was responsible for the day-to-day management of the Group, supported by the Exco, which he chaired. The GP & CEO provides leadership to the executive team in running the business, co-ordinates proposals developed by the executive committee for consideration by the board, and also develops the Company's strategy for consideration and approval by the board.

Delegation of authority and risk management

The ultimate responsibility for the Group's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees that specialise in specific areas of the business. Necessary authorities have been delegated to the GP & CEO to manage the day-to-day business affairs of the Company. The Group executive and steering committee assists the GP & CEO in discharging his duties and then duties of the board when it is not in session.

However, in terms of statute and the Company's constitution, certain matters are reserved for board and/or shareholder approval. The delegation of authority is reviewed periodically to ensure it remains aligned and relevant in relation to the rapid growth of the Company.

Lead Independent Director (LID)

During the reporting period an independent non-executive director of MTN was appointed LID with effect from 14 March 2011.

Although the chairman of the board is independent, the position of LID was created to further embed the culture of independence of the board of directors especially in instances of perceived conflict of interest. This is another step forward to ensuring that King III is fully implemented by the Company.



Corporate Governance report *continued*

Articles of association and board charter

The general powers of the directors are set out in the Company's articles of association. They have further unspecified powers and authorities in respect of matters which may be exercised and dealt with by the Company, which are not expressly reserved to the members of the Company in general meetings.

The board charter regulates how the board and individual members of the board discharge their responsibilities according to the principles of good governance. The charter aims to ensure that all board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct.

The board charter details the following key matters:

- Division of responsibilities between the board and management
- Size and composition of the board

- Balance of powers
- Role of the board
- Matters reserved for the board
- The role of the chairman, the chief executive and the company secretary
- Board and committee's governance
- Evaluation and performance of the board and its committees and
- Relationship with all stakeholders.

Group governance and structure

During 2010, the board received regular updates regarding the developments on the Companies Act, JSE Listings Requirements, King III and other governance codes.

The chairpersons of various board committees received presentations on King III and the new Companies Act, 2008, with specific reference to committees' statutory responsibilities.

Regarding improvement and deepening of corporate policies, the Company commenced reviewing all

governance documents including board and committee charters, delegation of authority and other internal governance policies.

Meaningful engagement with shareholders is considered a centerpiece of accountability, transparency and good governance by the MTN board. At the annual general meeting of shareholders held on 15 July 2010, the board detailed the strategy and the state of the Company which included opportunities and challenges for the future.

In keeping with King III, Companies Act, No 71 of 2008 (the new Companies Act), JSE Listings Requirements and other governance and legislative developments, the focus in 2011 and ahead will be on the following initiatives:

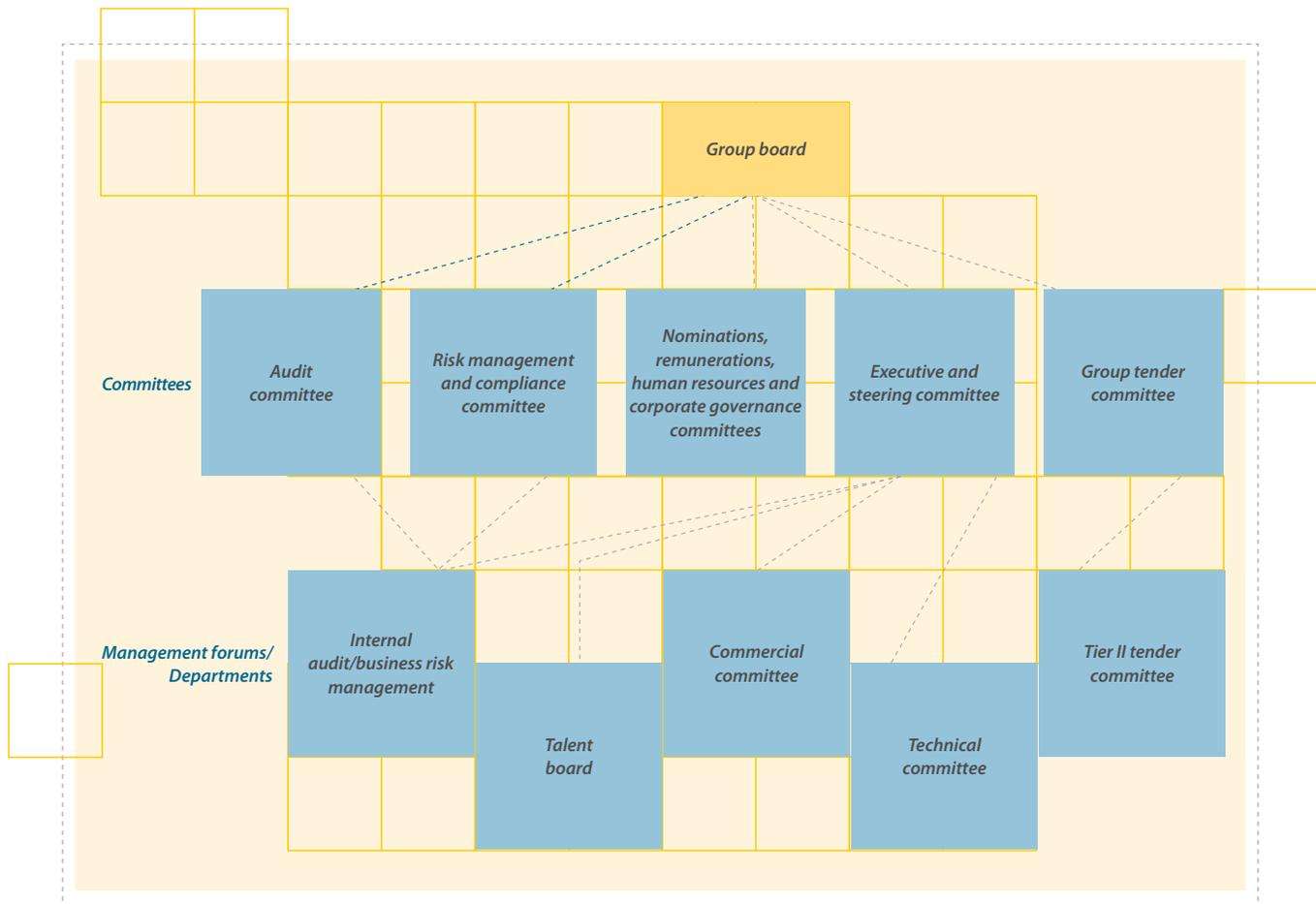
- Rigorous engagement with all Company stakeholders. During the reporting period, the chairman of the board and the lead independent director

engaged with stakeholders through road shows.

- Final implementation and assessment of the Company's compliance with regulatory and other governance codes;
- Continuing monitoring of regulatory and legislative developments to ensure that the Group is able to respond appropriately;
- Finalisation of review and updating of all the board charter, articles of associations and committees' terms of reference to incorporate the requirements of the new Companies Act, the JSE Listings Requirements and King III;
- Aligning all shareholder agreements and contracts with new regulatory developments; and
- Excel at making the Company a good corporate citizen.

Governance structure

This section provides an overview of the Group's governance structure. This structure is also the basis for governance in the five largest MTN subsidiaries and others. In all subsidiary operations, the audit committee also assumes the responsibilities of risk management and compliance. The board endeavours to ensure that all operating companies comply with the same governance principles to which the Group aspires.



Corporate Governance report *continued*

Board committees

The MTN Group board recognises that it is ultimately accountable and responsible for the performance and affairs of the Group and that the issue of delegated authorities to board committees and management in no way absolves the board and its directors from the obligation to carry out their fiduciary duties and responsibilities. All board committees operate under written terms of reference approved by the board. All committee chairpersons also provide the board with a report on recent committee activities.

Board committees are permitted to take independent outside professional advice as and when deemed necessary. The office of the Group secretary provides support and secretarial services to each of the board committees. Membership of board committees comprises independent and non-executive directors only, with the exception of the executive and steering committee and the Tier II tender committee, which are primarily committees of an operational nature and so comprised of senior

management. There is full disclosure and transparency from these committees to the board. Details of membership of the committees and attendance are set out on pages 25 to 26 of the Integrated Business Report.

In-camera meetings

During the period under review most of the board meetings were preceded by in-camera meetings of non-executive directors.

Special ad hoc board committees

In certain instances, the board constituted special board committees which are granted the necessary authority to deal with the salient matters under special projects and to allow for a more detailed consideration of issues. Special committees may consist of different directors depending on the expertise required to resolve any special matters under review by the committee.

Each committee's authority and the discharge of its responsibilities are directed by a charter.

The committees are as follows:

- Audit (Audit)
- Risk management and compliance (Risk)
- Nominations, remuneration, human resources and corporate governance (NRHR & CG)
- Group tender (Tender)
- Executive and steering (Exco).

The board is satisfied that the board committees set out in detail below have effectively discharged their responsibilities as contained in their respective terms of reference during the year under review. The committees' profiles are detailed as follows:

Group audit committee

The audit committee is a statutory committee and also has duties delegated to it by the board. The audit committee is appointed annually by the board as required by the Companies Act, No 61 of 1973. The audit committee assists the board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems and control processes, and the preparation

of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards. The audit committee activities report, as required by the Companies Act, is set out on pages 85 to 86. The audit committee has a majority of independent non-executive directors who are financially literate as recommended by King III. The committee's chairman attended the annual general meeting during the year under review.

The executive directors, as well as internal and external audit representatives (the Company auditors), attended all committee meetings as permanent attendees. The committee chairman also attends Group risk management and compliance committee meetings. The head of business risk management/internal audit (BRM) and external auditors have unrestricted access to the committee and its chairman. The committee chairman also meets regularly with the head of business risk management. BRM reports to

the GP & CEO and to the chairman of the Group audit committee as well as to the risk management and compliance committee. BRM's performance is reviewed annually by the committee. Audit committees exist in each Group operation and significant risk and audit matters relating to operations are regularly reported to the Group audit committee. The non-executive chairpersons of subsidiary audit committees do meet formally with the Group audit committee annually or more often as required. Members of the Group audit committee do periodically visit selected subsidiary operations so as to enhance their understanding of the Group's overall financial control environment. Audit workshops are held annually to consider and agree on audit plans for all operations for the year ahead and to review the effectiveness of the overall internal audit function. The audit committee operates in line with a charter as approved by the board and fulfils its corporate governance and statutory duties as applicable.

In-camera meetings

The main meetings of the committee are preceded by an in-camera session of non-executive members only and are concluded by a separate in-camera session with the following key invitees:

- Management
- Internal audit
- External audit.

External audit

The joint external auditors provide an independent assessment of key accounting and information systems and controls in the Group. The auditors are appointed by the board on the recommendation of the Group audit committee and ratified by shareholders. The external auditors' performance and independence is regularly monitored by the Group audit committee and formally assessed annually. Non-audit work performed is authorised in advance by the chairman of the audit committee to ensure that there is no conflict of interest and that the work is within the scope of that permitted. The audit partners are rotated every five years.

Financial director who served over the period under review

During the period under review, NI Patel served as Group financial director. The audit committee had, for the period under review, formally considered and satisfied itself of the appropriateness, expertise and experience of the financial director.

Reporting and accountability

The chairman of the committee accounts to the board for its activities and makes recommendations to the board regarding the adoption of the annual and interim financial statements and any other matters arising from the above responsibilities. The chairman of the committee is required to attend the annual general meeting to answer questions concerning matters falling within the ambit of the committee.



Corporate Governance report *continued*

Meetings

The committee meets not less than four times per year and the quorum is three members present.

Group risk management and compliance committee

The risk management and compliance committee was established to improve the efficiency of the board and assist it in discharging its duties with regard to identifying, considering and monitoring risks impacting the Company and ensure compliance with prevailing legislation and other statutory requirements including voluntary corporate governance frameworks. The committee is also responsible for the sustainability framework and sustainability reporting for the MTN Group. A close working relationship exists between the risk management and compliance committee and the audit committee. Three non-executive directors serving on the audit committee also serve on the risk management and compliance committee. This ensures that overlapping responsibilities are

dealt with in an efficient manner. The committee is responsible for performing the following functions:

Compliance

- To periodically review issues relevant to the board's oversight responsibilities, including compliance with the relevant laws and governance standards;
- Review compliance with all local and foreign legislation and regulatory body requirements applicable to the Company including but not limited to the following:
 - Companies Act
 - JSE Listings Requirements
 - Governance frameworks
 - Safety and health legislation
 - Employment equity
 - Security Services Act
 - Taxation legislation.

During the year under review, the committee assessed the Company's compliance with all statutory and other voluntary governance codes and was satisfied that it had complied with requirements. The committee is constituted of

independent and non-executive directors only.

Group nominations, remuneration, human resources and corporate governance committee (NRHR & CG)

The NRHR & CG committee has been constituted to assist the board in discharging its duties relating to the nomination of board members and senior management. It also oversees the formulation of a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible relevant to its business needs; maximizes the potential of its employees; and ensures the Group's adherence to sound corporate governance principles. Some committee meetings were preceded or followed by an in-camera session (meeting of non-executive directors only). The committee's mandate, which is reviewed annually by the board, defines its key responsibilities as follows:

- Reviews the size, structure and composition of the board.

- Conducts an annual assessment of the board's performance.
- Conducts an annual assessment of the chairman's as well as the GP & CEO's performance.
- Sets criteria for the nomination of directors and committee members.
- Identifies, evaluates and nominates candidates for appointment to the board to fill vacancies as they arise.
- Reviews and determines the remuneration of executive directors.
- Reviews and approves the Group's policy on executive remuneration.
- Reviews and approves Group policies on corporate governance.
- Monitors the Group's compliance with King II and other relevant legislation.
- Makes recommendations to the board on annual salary increases and performance-related bonus awards.
- Reviews and approves performance-related incentive schemes, performance criteria and measurements, including share scheme allocations to executive directors and senior staff.

- Reviews and approves new remuneration methodologies for the management team including, but not limited to, incentive schemes, benefit funds and benefits related to salary-sacrifice options.
- Reviews the Group's philosophy regarding fees payable to non-executive directors, based on recommendations from the executive directors (as a separate process from executive remuneration reviews). This must be confirmed by the board and ratified by shareholders.
- Monitors and reviews compliance with employment equity practices.

In terms of King III and the JSE Listings Requirements, the chairman of the nominations committee should be the chairman of the board, and membership of the committee must consist of only non-executive directors. MTN has combined the nominations committee, human resources and remunerations committees as well as the corporate governance committee under one committee.

As such MTN is not strictly compliant with the King III recommendation. The chairman of the board is, however, a member of the NRHR & CG committee and thus able to influence the nomination processes sufficiently. The committees' chairman attended the annual general meeting during the year under review. Further details regarding directors' remuneration and the Group remuneration philosophy are set out on page 92 of the Integrated Business Report.

Group tender committee

The Group tender committee's primary objective is to promote a sustainable and fair tender culture and to ensure that tender policies are applied consistently, always bearing in mind best business practices to develop all markets and promote economic development. The committee is chaired by an independent non-executive director. The committee's charter, which is approved by the board and reviewed periodically, aims to promote an effective, transparent and independent procurement and tender evaluation process. The

committee, however, only reviews high-level tenders as the need arises. Various lower-level tender committees are in place group-wide to ensure that all other tenders are reviewed with the same level of efficiency. The chairman of the tender committee was replaced by another independent chairman due to her appointment on the Group board.

Executive and steering committee (Exco)

This committee facilitates the effective control of the Group's operational activities in terms of its delegated authority approved by the board. It is responsible for recommendations to the board on the Group's policies and strategies and for monitoring their implementation in line with the board's mandate. The committee is assisted by three regional vice-presidents (VPs) who communicate and co-ordinate the policies and strategies of the committee to the various subsidiary operations. The committee meets at least monthly and additionally as required. The committee is chaired by the GP & CEO.

The committee constituted the following sub-committees with a view to further enhancing its ability to manage and oversee operational matters:

- The technical committee
- The commercial committee.

Both committees are chaired by the Group chief operating officer with two additional Exco members, including the Vice-presidents of the regions. Various other senior management representatives of large subsidiaries attend as permanent invitees to ensure broad representation. The profile of the executive committee is set out on pages 34 and 35 of the Integrated Business Report.

Corporate Governance report *continued*

Attendance of board and committees meetings

The board has a diversity of talent, expertise and experience. This is put to good use through various carefully structured board committees and is partly reflected by the number of board and committee meetings held during the year under review. These are presented in the following table:

Directors	Scheduled board meetings attended	Special board meetings attended	Audit	Meetings attended	Risk	Meetings attended	NRHR & CG	Meetings attended
Independent non-executives (INEDS)								
MC Ramaphosa	4/4	10/10					Member	8/8
DDB Band	4/4	9/10					Chairman	8/8
KP Kalyan	4/4	10/10			Member	3/3	Member	8/8
MJN Njeke	4/4	7/10	Member	4/5	Member	3/3		
AF van Biljon	4/4	10/10	Chairman	5/5				
J van Rooyen	4/4	10/10	Member	5/5	Chairman	3/3		
A Harper	4/4	10/10					Member	8/8
MLD Marole	4/4	10/10	Member			3/3		
NP Mageza	4/4	10/10	Member	5/5				
Non-executives								
AT Mikati	4/4	10/10					Member	8/8
JHN Strydom	4/4	10/10	Member	5/5	Member	3/3		
Executives								
PF Nhleko	4/4	10/10	Invitee	5/5	Invitee	3/3	Invitee	8/8
RS Dabengwa	4/4	10/10	Invitee	5/5	Invitee	3/3		
NI Patel	4/4	10/10	Invitee	5/5	Invitee	3/3	Invitee	8/8

Group tender committee members (including independent non-executive chairman)

Members	Age	Committee member since	Scheduled meetings attended
MLD Marole (resigned 04/08/2010)	51	05/2004	N/A
WA Nairn (appointed as independent non-executive chairman on 01/08/2010)	66	08/2010	1/1
RS Dabengwa	53	05/2004	1/1
NI Patel	55	11/2009	0/1
I Sehoole	51	12/2010	0/1
C de Faria	55	06/2007	1/1
J Ramadan	54	06/2007	1/1
C Wheeler (resigned 30/11/2010)	47	05/2004	N/A

Group company secretary

SB Mtshali is the Group company secretary. The company secretary is a central source of information and advice to the board and within the Company on matters of ethics and good governance. Together with the investor relations department, the company secretary provides a direct communication link with investors and liaises with the Company's share registrars on all issues affecting shareholders. The company secretary assists the board in its deliberations, drawing the attention of members to their legal duties and ensuring, together with the executive directors and senior management, that decisions of the board are properly implemented.

This office also communicates and monitors compliance, among others, with the Group trade embargo policy, ensuring that no employee, executive director or non-executive director is allowed to deal in the Company's securities during prohibited periods. The company secretary provides the board as a whole and directors individually with guidance on the discharge of their responsibilities.

Appointment and removal of the company secretary are matters for the board as a whole.

The company secretary ensures that in accordance with pertinent legislation, the proceedings and affairs of the board and its members, the Company itself and, where appropriate, the owners of securities in the Company are properly administered. The company secretary ensures compliance with the rules and Listings Requirements of the JSE Limited. The company secretary also assists in developing the annual board plan, administers the long-term incentive schemes and ensures compliance with the statutory requirements of the Company and its subsidiaries.

Code of conduct

The MTN Group is committed to promoting the highest standards of ethical behaviour among its directors, management and employees. In accordance with this objective and in the interests of good corporate governance, the code of conduct is subject to review annually and is cascaded down to all operations.

Regulatory compliance

The MTN Group encompasses operations in 21 countries in Africa, Europe and the Middle East, holding companies in at least three other jurisdictions. In keeping with its vision and strategy, the Group subscribes, and applies the principles contained in the Code of Corporate Practices and Conduct recommended by the King Report on Governance for South Africa 2009 (King III).

In other jurisdictions where the Company operates, governance developments are monitored on an ongoing basis to ensure that local regulatory requirements are complied with. The board monitors compliance by means of committee reports, which include information on any significant interaction with key stakeholders, including regulators, and through the activities of locally based audit and risk committees and internal auditors.



Corporate Governance report *continued*

The board of directors endeavours to ensure that all operations comply with these corporate governance principles and the requirements of global best practices. Likewise, the board places strong emphasis on implementing high standards of reporting, financial and risk management.

The Company's corporate governance systems are designed to exceed minimum compliance levels and continue to evolve to meet the expectations of all stakeholders.

Stakeholder communication

MTN strives to have transparent, open and clear communication with all of its relevant stakeholders.

Communication with various stakeholders has always been an important feature of MTN's corporate governance practices. It is the policy of the Company, where practical, to ensure that financial and non-financial information is timeously and accurately disseminated to relevant stakeholders. To communicate Group strategy and performance,

regular presentations are made by executive directors and senior management to institutional investors, analysts and the media. A corporate website (<http://www.mtn.com>) communicates the latest Group financial and operational data, as well as relevant historical information.

MTN encourages shareholders to attend the annual general meeting, which provides an opportunity for shareholders to raise pertinent questions and to interact with directors. A summary of the proceedings of all general meetings and the outcome of voting on items of business are posted on the website immediately following the AGM.

Sponsor

MTN fully understands the role and responsibilities of the sponsor as described in the JSE Listings Requirements. MTN has a sound relationship with its sponsor and considers that it has discharged its responsibilities with due care and skill.