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Our board of directors

PF Nhleko (54)
Chairman and non-executive director
BSc (Civil Eng), MBA

Appointed: 28 May 2013

Board committee membership: Chairman: Nominations committee; Member: Remuneration and human resources committee.

Other directorships: Chairman of various companies in MTN Group, chairman of Pembani Group, director of BP plc, Anglo American plc, Rapid African Energy, Afrism (South Africa) (Pty) Limited and Opiconsivia Investments 230 (Pty) Limited.

Skills, expertise and experience: Phuthuma was appointed MTN non-executive director and chairman in 2013. He previously served as a non-executive director and chairman of MTN from July 2001 until June 2002 and thereafter as an executive director as well as Group president and CEO until March 2011. He began his career as a civil engineer in the US and as a project manager for infrastructure developments in southern Africa. Following this he became a senior executive of the Standard Corporate and Merchant Bank in South Africa. He later held a succession of directorships before joining MTN Group and was formerly a director of a number of listed South African companies, including Johnnic Holdings, Nedbank Group, Bidvest Group and Alexander Forbes.

RS Dabengwa (56)
Executive director, Group president and CEO
BSc (Eng), MBA

Appointed: 1 April 2011 as CEO and to the board in 2001

Board committee membership: Chairman: Executive committee and attends various board committee meetings by invitation.

Other directorships: Chairman and director of various companies in MTN Group, Long Street Property Development (Pty) Limited, Sea Star Motors (Pty) Limited.

Skills, expertise and experience: Before his appointment as Group president and CEO, Sifiso was MTN’s Group chief operations officer for seven years. His MTN career started as managing director of the South African operations. In 2004, he was promoted to chief operating officer and in a dual role, was also seconded to the position of chief executive officer of MTN Nigeria. Prior to joining MTN, Sifiso was executive director in the electricity industry various roles. Before joining the electricity industry, he worked as a consulting electrical engineer in the building services industry and in the mining and railway sectors.

B Goschen (49)
Executive director, Group chief financial officer
BCom, BCompt (Hons), CA(SA)

Appointed: 22 July 2013

Board committee membership: Member: Executive committee and attends various board committee meetings by invitation.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Brett was appointed chief executive officer of MTN Nigeria in April 2011. Prior to this, he was chief executive officer of MTN Ghana and chief financial officer of MTN Nigeria. Before joining MTN in 2002, Brett was managing director of Altech Autopage Cellular.

A Harper (57) (British)
Independent non-executive director
BA (Hons)

Appointed: 1 January 2010

Board committee membership: Chairman: Remuneration and human resources committee; Member: Nominations committee.

Other directorships: Director of various companies in MTN Group, Eaton Towers Limited and Venture Partnership Foundation Limited.

Skills, expertise and experience: Alan previously served as group strategy and new business director for Vodafone plc, was a member of the executive committee of the Vodafone Group, a board member of the GSM Association, chairman of Vodafone Ventures and chairman of the board of trustees of the Vodafone UK Foundation.
Our board of directors continued

KP Kalyan (59)
Independent non-executive director
BCom (Hons)
Appointed: 13 June 2006
Board committee membership: Chairman: Social and ethics committee; Member: Risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group, chairman of Edgo Merap Energy (London), director of ACS Orwell Energy (Nigeria), Akener Solutions ENergy (Norway), alternate director at Hayleys Energy (Sri Lanka), South African Bank Note Company, Tallberg Foundation (Sweden), Thabo Mbeki Foundation Advisory Council and President Faure Gnassingbe (Togo) Advisory Investment Council.
Skills, expertise and experience: Koosum is the executive chairman of Edgo Merap in London and was also a non-executive director at Standard Bank Group Limited. Prior to that, she was senior business development manager at Shell International Exploration and Production (Pty) Ltd in London; general manager: corporate, for Shell Southern Africa, senior economist at the Chamber of Mines and economist at the Electricity Commission of Victoria, Melbourne, Australia. She was also a graduate lecturer at the University of Durban Westville.

NP Mageza (59)
Independent non-executive director
FCCA
Appointed: 1 January 2010
Board committee membership: Member: Audit committee; Risk management, compliance and corporate governance committee; Social and ethics committee.
Other directorships: Director of various companies in MTN Group, Remgro Limited, Sappi Limited, RCL Foods Limited, Eqstra Holdings Limited, Clover Industries Limited and Ethos Private Equity Limited.
Skills, expertise and experience: Peter is a Fellow of the Association of Chartered Certified Accountants (UK), and was group executive director and group chief operations officer at Absa Group Limited until June 2009.

MLD Marole (53)
Independent non-executive director
BCom (Acc), Dip Tertiary Education, MBA
Appointed: 1 January 2010
Board committee membership: Member: Audit committee; Risk management, compliance and corporate governance committee; Social and ethics committee.
Other directorships: Director of various companies in MTN Group, Eyomhlaba Investment Holdings Limited, Richards Bay Mining (Pty) Limited, Santam and the Development Bank of Southern Africa.
Skills, expertise and experience: Dawn’s career has primarily been in the financial services sector and dates back to 1983. She is also a member of the Presidential Review Committee on State Owned Entities.

AT Mikati (41)
(Lebanese)
Non-executive director
BSc
Appointed: 18 July 2006
Board committee membership: Member: Nominations committee; Remuneration and human resources committee.
Other directorships: Director of various companies in MTN Group, CEO of M1 Group Ltd (an international investment group with a strong focus on the telecommunications industry), director of various companies in the M1 Group. He also serves on the Boards of the Children Cancer Center, the International College and Columbia University board of visitors.
Skills, expertise and experience: Azmi founded T-One, a telecoms company providing long-distance services between the United States and other international destinations. He later became CEO of INVESTCOM, which pioneered mobile telephony in emerging markets.

MJN Njeke (55)
Independent non-executive director
BCom, BCompt (Hons), CA(SA), H Dip Tax Law
Appointed: 13 June 2006
Board committee membership: Member: Audit committee; Risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group, chairman of MMI Holdings Limited, Resilient Property Income Fund, Adcorp Holdings Limited and Silver Unicorn Trading 33 (Pty) Limited; Director of Serengethi Properties (Pty) Limited, Sameh Properties (Pty) Limited, South African Qualifications Authority and Sasol Limited.
Skills, expertise and experience: Johnson co-founded Kagiso Trust Investment (Pty) Ltd, served as a partner at PricewaterhouseCoopers and was chairman of the South African Institute of Chartered Accountants.
Our board of directors continued

**JHN Strydom (75)**
*Non-executive director*
*MCom (Acc), CA(SA)*

- **Appointed:** 11 March 2004
- **Board committee membership**
  - Member: Remuneration and human resources committee; Risk management; Compliance and corporate governance committee; Nominations committee.
- **Other directorships**
  - Director of various companies in MTN Group and director of Afrisam (Pty) Limited.
- **Skills, expertise and experience**
  - Jan is a founding partner of Strydoms Incorporated Chartered Accountants (SA), a firm specialising in business valuations, litigation support and forensic investigations. He is now a professional consultant to Strydoms. He is also a senior member of the Special Income Tax Court for taxation appeals.

**F Titi (51)**
*Independent non-executive director*
*BSc Hons (Mathematics), MA (Mathematics), MBA*

- **Appointed:** 1 July 2012
- **Board committee membership**
  - Member: Remuneration and human resources committee.
- **Other directorships**
  - Director of various companies in MTN Group, chairman of Kumba Iron Ore Limited and Investec Bank Limited, and joint chairman of Investec Limited and Investec Plc. Director and investor in the private equity firm Tsiya Group (Pty) Limited.
- **Skills, expertise and experience**
  - Fani is a former executive director of African Bank Investment Ltd, founding CEO of Kagiso Media Ltd and founding director of Kagiso Trust Investment (Pty) Ltd. Fani has extensive experience in the private equity and banking sectors, and general business. He has served on audit, remuneration and nomination committees of various boards.

**AF van Biljon (66)**
*Lead independent non-executive director*
*BCom, CA(SA), MBA*

- **Appointed:** 1 November 2002
- **Board committee membership**
  - Chairman: Audit committee; Member: Nominations committee.
- **Other directorships**
  - Director of various companies in MTN Group, St Augustine College of South Africa, chairman and trustee of Standard Bank Group Retirement Fund and Liberty Group Pension and Provident Funds.
- **Skills, expertise and experience**

**J van Rooyen (64)**
*Independent non-executive director*
*BCom, BCompt (Hons), CA(SA)*

- **Appointed:** 18 July 2006
- **Board committee membership**
  - Chairman: Risk management, compliance and corporate governance committee; Member: Audit committee; Social and ethics committee.
- **Other directorships**
  - Director of various companies in MTN Group, chairman of Financial Reporting Standards Council and a director of various companies in the Uranus Group, Pick n Pay Stores Limited, Exxaro Resources Limited.
- **Skills, expertise and experience**
  - Jeff founded his practice in 1984, which merged with Deloitte & Touche in 1990. He was then appointed as a partner at Deloitte until June 2000. He is a founder, member and CEO of Uranus Investment Holdings (Pty) Ltd and previously served as CEO of the Financial Services Board. He is also a founder, member and former president of the Association for the Advancement of Black Accountants (ABASA) and was chairperson of the Public Accountants and Auditors Board in 1995. Jeff is a former trustee of the International Financial Reporting Standards (IFRS) Foundation.
Our executive committee

RS Dabengwa (56)
Executive director, Group president and CEO
BSc (Eng), MBA
Executive since 2001
Board committee membership Chairman: Executive committee and attends various board committee meetings by invitation.
Directorships Chairman and director of various companies in MTN Group, Long Street Property Development (Pty) Limited, Sea Star Motors (Pty) Limited.
Skills, expertise and experience Before his appointment as Group president and CEO, Sifiso was MTN's Group chief operations officer for seven years. His MTN career started as managing director of the South African operations. In 2004, he was promoted to chief operating officer and in a dual role, was also seconded to the position of chief executive officer of MTN Nigeria. Prior to joining MTN, Sifiso was executive director in the electricity industry for various roles. Before joining the electricity industry, he worked as a consulting electrical engineer in the building services industry and was in the mining and railway sectors.

B Goschen (49)
Executive director, Group chief financial officer
BCom, BCompt (Hons), CA(SA)
Executive since 2012
Board committee membership Member: Executive committee and attends various board committee meetings by invitation.
Directorships Director of various companies in MTN Group.
Skills, expertise and experience Brett was appointed chief executive officer of MTN Nigeria in April 2011. Prior to this, he was chief executive officer of MTN Ghana and chief financial officer of MTN Nigeria. Before joining MTN in 2002, Brett was managing director of Aitech Autopage Cellular.

JA Desai (56)
Group chief technology and information officer
BA (Hons), BCom
Executive since 2009
Other committee membership Operations Committee, Tender Committee
Directorships Director of various companies in MTN Group.
Skills, expertise and experience Prior to joining MTN, Jyoti worked at the Standard Bank Group and Telkom SA Ltd. At MTN, Jyoti initially held the position of chief information officer at MTN Nigeria. In 2005, she moved to Iran to start up the operation as chief operating officer of MTN Irancell.

A Farroukh (53)** (Canadian and Lebanese)
Group chief operating executive
MBA, CPA
Executive since 2011
Other committee membership Operations Committee, Tender Committee
Directorships Director of various companies in MTN Group.
Skills, expertise and experience Previously vice-president of the Middle East and North Africa region and chief executive officer of MTN Nigeria. Prior to his appointment at MTN, Ahmad was managing director of Scancom Limited (part of Investcom Holding Group) in Ghana and regional manager for West Africa. He also previously worked for Mediterranean Investor Group, KPMG, Deloitte & Touche and the Investcom Holding Group as well as lecturing in accounting at the American University of Beirut and was the chief executive officer of MTN Nigeria.

Z Bulbulia (44)
Chief executive officer: MTN (Pty) Ltd
BCom, BCompt (Hons), CA(SA)
Executive since 2013
Other committee membership Operations Committee
Directorships Director of various Companies in MTN Group.
Skills, expertise and experience Zunaid is a founding member of the MTN team. He has more than 19 years of telecoms experience, which cuts across the areas of sales, finance, distribution, marketing, customer care and mergers and acquisitions. He was appointed CFO of MTN South Africa in 2005 and took on the role of MTN SA CEO in 2013.
Our executive committee continued

S Fakie (60)
Group chief business risk officer
BCom, BCompt (Hons), CA (SA)
Executive since 2007
Directorships: Director of various companies in MTN Group and director of Absa Group Limited.
Skills, expertise and experience: Shauket has been the Group chief business risk officer and a member of Group exco since 2007. In 1999, he was appointed auditor-general of South Africa for a seven-year term. In this capacity he contributed to many international and regional organisations such as the United Nations and the African Organisation of Supreme Audit Institutions (AFROSAI).

M Ikpoki (44)
Chief executive officer: MTN Nigeria Communications Limited
LLB (Law), BL
Executive since 2013
Other committee membership: Operations Committee
Directorships: MTN Nigeria
Skills, expertise and experience: Michael was appointed CEO of MTN Nigeria Communications Limited in July 2013. Prior to that he was CEO of MTN Ghana from April 2011. Between 2006 and 2011, he was Sales and Distribution Executive for MTN Nigeria. Prior to this, he was functioned as Regulatory Adviser and General Manager, Regulatory Affairs respectively. Michael joined MTN Nigeria in 2001 from the Nigerian Communications Commission where he was part of the pioneer Legal team.

PD Norman (48)
Group chief human resources and corporate affairs officer
MA (Psych), MBA
Executive since 1997
Other committee membership: Tender Committee (Alt member)
Directorships: Director of various companies in MTN Group and trustee of the Chartered Accountants Medical Aid Fund.
Skills, expertise and experience: Paul has been an executive at MTN since 1997. He has spent more than 20 years in human resources and has worked extensively in the transport and telecommunications industries.

K Pienaar (55)
Group chief strategy, mergers and acquisition officer
BSc Engineering
Executive since 2001
Other committee membership: Operations Committee, Tender Committee
Directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Karel has been with MTN since its launch in 1994 and has held various positions including chief technology and information officer of MTN Group, chief executive officer of MTN Nigeria and chief executive officer of MTN South Africa, before being appointed as Group chief strategy in May 2013. Karel has over 30 years experience in telecommunications. Before joining MTN, he worked as a strategic business development manager for pay television company M-Net. He was also involved in the full spectrum of telecommunications management for Telkom. Karel is a member of the Institute of Electrical and Electronic Engineers.

PC Verkade (47) (Dutch)
Group chief commercial officer
Bachelor of Marketing and Economics
Executive since 2013
Other committee membership: Operations Committee, Customer experience Committee
Directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Pieter was previously and most recently CEO of MTN Cyprus. He was the executive responsible for Commercial Strategy for MTN Mobile Money and for the MTN Group. He was also chief marketing officer of MTN South Africa. Prior to joining MTN, Pieter was chief commercial officer for Orange NV (Netherlands), vice-president Commercial of Orange Plc. (London), chief financial officer of KPN/Orange (Belgium) and vice-president of Telenor (Norway).
Our corporate governance highlights

Statement of commitment
Good corporate governance is an integral part of the Group’s sustainability. Adherence to the standards and recommendations set out in the King III Report and other relevant laws and regulations is vital to achieving our strategic priorities. Corporate governance forms an overarching framework in which our business operates and we are committed to promoting good governance and ethics within all areas of our business.

To achieve this, the Group continues to enhance and align its governance structures, policies and procedures to support its operating environment and strategy.
### Key governance developments for the year under review:

<table>
<thead>
<tr>
<th>Review of governance policies and procedures</th>
<th>A number of significant policies were approved in 2013, most of them in support of our ethics management programme and the standardisation of our governance processes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In order to promote transparency, to avoid any business-related conflicts and to prevent directors and employees from any involvement in corrupt activities, it was decided that the Group should revise its gift policy and adopt a “no gifts policy.”</td>
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<tr>
<td></td>
<td>The conflict of interest policy was also revised to further implement controls around conflicts of interest. In terms of the new policy directors and employees are required to declare any potential, actual or perceived conflicts and refrain from participating in any decision or transaction in which they have an interest.</td>
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<td></td>
<td>Pursuant to the promulgation of the Financial Markets Act, the MTN policies on share dealing by directors and employees were approved to align our share dealing practices with the new act.</td>
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<td></td>
<td>The share dealing policies have been implemented throughout the Group and the conflict of interest policy is being implemented.</td>
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<tr>
<td></td>
<td>Various other policies such as the anti-bribery and corruption policy, the human rights policy and other policies related to ethics management were implemented to effectively manage with ethical issues.</td>
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<tr>
<td>Director orientation and development</td>
<td>The directors were engaged in several development sessions, which included a training session provided by Ethics SA on ethics management. The directors also received training presented by a representative of the JSE. The training covered market abuse and in particular insider trading.</td>
</tr>
<tr>
<td>Board assessment</td>
<td>Subsequent to the external board appraisal conducted in 2012. In 2013 the board with the assistance of the nominations committee conducted an internal board assessment which evaluated the contribution and performance of each director, by means of a questionnaire. To that effect the board endorses the re-election of the retiring directors.</td>
</tr>
<tr>
<td>Application of King III principles</td>
<td>The application and adherence to the King III principles continues to be a key focus. In 2013 the Group reviewed its application of the King III principles against the JSE requirements and is satisfied that it has substantially applied the King III principles, save for a few instances which are explained in this integrated report. Details of our group’s application to each principle are set out on pages 3, 14, 16 of this report.</td>
</tr>
</tbody>
</table>
Our corporate governance highlights continued

Our key objectives for 2014

- To implement and embed our new approved policies, creating awareness, ensuring implementation thereof and further ensuring that effective measures for control, monitoring and reporting will be implemented.
- To continue to improve the effectiveness and quality of our governance structures and practices and to ensure that they are further embedded in all our operating subsidiaries.
- To continue to uphold our ethical standards and ensure that we are transparent in all our dealings with our stakeholders.

Board diversity

The board is comprised of an appropriate mix of executive, non-executive and independent non-executive directors, who are diverse in their academic qualifications, industry knowledge and experience, race and gender. This diversity enables directors to provide the board with the relevant judgment to work effectively when conducting and determining the business affairs of the Company.

The roles and duties of the non-executive chairman and the Group president and CEO are separate and clearly defined. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers.

Representation by gender on the board

- Men 85%
- Women 15%

Group board independence status

- Independent non-executives 8
- Executives 2
- Non-executives 3

The role of the board

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 board, on the advice and recommendation of 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 the exco. This plan is further reviewed in the first quarter of each year.

The non-executive 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.

Chairman

The responsibility for managing the board and executive responsibility for the conduct of the business are separated. The chairman is responsible for the leadership of the board, ensuring effectiveness in all aspects of its activities and setting its agenda. It is the responsibility of the chairman to ensure that directors receive accurate, timely and reliable information. The chairman also ensures that no individual board member has unfettered powers in respect of decision making.

Lead independent director (LID)

Due to the fact that our chairman had been employed by the Group in an executive capacity within the preceding three financial years, he is not considered independent. The LID, AF van Biljon, provides guidance to the board in situations where the impartiality of the chairman is impaired or when a conflict of interest arises.

Delegation of authority

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.
RS Dabengwa is the Group president and CEO and is responsible for the day-to-day management of the Group, supported by the exco. Necessary authorities have been delegated to the Group president and CEO to manage the day-to-day business affairs of the Company. The exco assists the Group president and CEO in discharging his duties and the duties of the board when it is not in session. However, 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.

**Group secretary**
The Group secretary plays a key role in the continuing effectiveness of the board, ensuring that all directors are provided with adequate guidance on governance and applicable laws. She also ensures that directors have full and timely access to information and training that equips them to perform their duties and obligations properly and enables the board to function effectively.

The performance of the Group secretary, as well as her relationship with the board, is assessed on an annual basis. The board, with the assistance of the nominations committee, has considered the competencies, qualifications and experience of the Group secretary and also whether she maintains an arm’s-length relationship. The board is satisfied that she is suitably qualified to fulfil the role.

The board applied its mind to the following questions in reaching its conclusion:

- Is the Group secretary competent and suitably qualified to be appointed as Group secretary? Yes
- Does the Group secretary have the requisite skills, knowledge and experience to provide guidance to the board on good governance? Yes
- Does the Group secretary have an arm’s-length relationship with the board? Yes
- Is the Group secretary an eligible person to hold the office of a company secretary? Yes
- Is the Group secretary not a director of the Company? Yes

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**Name**
Bongi Mtshali

**Date appointed**
August 2005

**Qualifications**
FCIS and HDip Com law

**Previous work experience**
Over 25 years of company secretarial experience.

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**The board charter**
The board has approved a board charter which outlines the mandate of the directors. It stipulates that the operation of the board and the executive responsibility for the running of the Company’s business should be two key and separate tasks and that there should be a clear division of responsibilities at the head of the Company to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board’s decisions.

The board charter regulates and details the following key matters, among others:
- Board leadership and defines the separate responsibility of the chairman and the chief executive as well as the role of the lead independent director;
- Board composition, procedures, prerequisites and competencies for membership, size and composition of the board;
- Balance of powers;
- The role and responsibilities of the board;
- Board committees’ governance;
- Appraisal and performance of the board and its committees; and
- Relationship with stakeholders.

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**Memorandum of Incorporation**
The general powers of the directors are set out in the Company’s Memorandum of Incorporation. 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 annual general meetings.
Our corporate governance highlights

Directors’ induction and ongoing development

Upon appointment, directors undergo a formal induction programme and are provided with recent board materials and an induction manual containing information which provides them with an in-depth understanding of the Group and its operations. The manual includes the board and committees’ terms of reference, significant policies and procedures and relevant Company information. The induction also outlines the directors’ fiduciary and statutory duties and provides guidance on all legal and governance obligations including other matters that directors should be aware of. Directors also receive regular and informative updates and training on legislative, regulatory and any other business-related changes throughout their tenure. They are also encouraged to discuss their development needs with the chairman and are provided with training, where necessary.

As part of the induction programme the Group secretary also facilitates meetings between directors and senior executives of the Company, in order to fully understand how the Company operates and to build good work relations between the directors and executives.

Board evaluation

The nominations committee with the assistance of the Group secretary is responsible for assessing the performance and effectiveness of the board, the committees and individual directors. The process is conducted annually by way of questionnaires. The questionnaires are confidential and cover a variety of topics. The outcomes of the questionnaires are discussed at the board meeting and any concerns are appropriately managed. The lead independent director is responsible for ensuring that the performance of the chairman is assessed annually.

An external board appraisal is conducted every two years and was last conducted in 2012. In 2013 the board has taken steps to ensure that the outcomes of the board appraisal are being implemented.

Succession planning

The board, through the nominations committee, performs a comprehensive assessment of the skills base in the current board of directors. This facilitates board succession planning and ensures that the board has the requisite skills for transitioning in the years ahead.

Board rotation

Directors are subject to retirement by rotation at least once every three years and must avail themselves for re-election, in accordance to the Company’s Memorandum of Incorporation. Details on rotation in 2014, are set out on page 91 of the 2013 integrated report.

Evaluation of independence

The majority of directors is independent. All the non-executive directors are subject to an annual review of independence. Following the review of independence, directors who have been appointed on the board for a period in excess of nine years are subject to re-election.

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.

The committees are as follows:
- Audit committee
- Risk management, compliance and corporate governance committee
- Nominations committee
- Remuneration and human resources committee
- Social and ethics committee

Independent professional advice

The board and committee directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of MTN. Such advice will be shared among all the directors.

Special/ad hoc board committees

In certain instances, the board constituted special board committees, which are granted the necessary authority to deliberate on 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 deliberate on any special matters under review by the committee.

Attendance of scheduled and ad hoc meetings

Although ad hoc meetings are convened at short notice and directors are not always available to attend due to other commitments. Directors are required to attend all scheduled meetings of the board, including meetings called on an ad hoc basis for special matters.

In-camera meetings

During the period under review, the board and most of committee meetings were preceded by an in-camera meeting of non-executive directors.
Our corporate governance highlights continued

### Attendance register

<table>
<thead>
<tr>
<th>Board</th>
<th>Special board meetings attended</th>
<th>Scheduled meetings attended</th>
<th>Risk management, compliance and CG Meetings attended</th>
<th>Remuneration and Human resources Meetings attended</th>
<th>Nominations Meetings attended</th>
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</thead>
<tbody>
<tr>
<td>MC Ramaphosa</td>
<td>3/7</td>
<td>2/4</td>
<td>Member</td>
<td>1/4</td>
<td>Chairman</td>
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<td>PF Nhleko</td>
<td>4/7</td>
<td>2/4</td>
<td>Member</td>
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<td>A Harper</td>
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<td>Chairman</td>
<td>4/4</td>
<td>Member</td>
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<td>KP Kalyan</td>
<td>6/7</td>
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<td>MLD Marole</td>
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<td>4/4</td>
<td>Invtee</td>
<td>3/4</td>
<td>Member</td>
</tr>
<tr>
<td>J van Rooyen</td>
<td>7/7</td>
<td>4/4</td>
<td>Chairman</td>
<td>4/4</td>
<td></td>
</tr>
<tr>
<td>RS Dabengwa</td>
<td>7/7</td>
<td>4/4</td>
<td>Invtee</td>
<td>4/4</td>
<td>Invtee</td>
</tr>
<tr>
<td>BD Goschen</td>
<td>2/7</td>
<td>2/4</td>
<td>Invtee</td>
<td>2/4</td>
<td>Invtee</td>
</tr>
<tr>
<td>NI Patel</td>
<td>3/7</td>
<td>2/4</td>
<td>Invtee</td>
<td>0/4</td>
<td>Invtee</td>
</tr>
</tbody>
</table>

* Meetings attended before resignation on 28 May 2014.
* Meetings attended since appointment on 28 May 2014.
* Meetings attended since appointment on 22 July 2013.
* Meetings attended before resignation on 21 July 2013.

Ad hoc committee meetings are not included in the register, however they have been accounted for in the fee schedule set out on page 47 of the integrated report.
Our corporate governance highlights continued

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’ summarised details are set out as follows:

<table>
<thead>
<tr>
<th>Audit committee</th>
<th>Members</th>
<th>Terms of reference</th>
<th>Key focus for the year under review</th>
</tr>
</thead>
<tbody>
<tr>
<td>AF van Biljon (chairman), NP Mageza, MJN Njeke, J van Rooyen</td>
<td>The audit committee assists the board in discharging its duties relating to: ● Safeguarding the assets of the Group; and ● Monitoring the operations, financial systems and control processes including internal financial controls and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.</td>
<td>An annual audit was conducted by independent, competent and qualified auditors to provide external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the Company in all material respects. Ensured the integrity of the Company’s accounting and financial reporting systems, including internal audit. Made sure that appropriate systems of control, in particular systems for financial and operational control, were in place and ensured compliance with the law and relevant standards. More information on the audit committee is set out in the audit committee report AF5.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk management, compliance and corporate governance committee</th>
<th>Members</th>
<th>Terms of reference</th>
<th>Key focus for the year under review</th>
</tr>
</thead>
<tbody>
<tr>
<td>J van Rooyen (chairman)¹, KP Kalyan, NP Mageza², MLD Marole, MJN Njeke, JHN Strydom</td>
<td>The risk management, compliance and corporate governance committee was established to improve the efficiency of the board and assist it in discharging its duties which include the following: ● Identifying, considering and monitoring risks impacting the Company; ● Ensuring compliance with prevailing legislation and other statutory requirements including voluntary corporate governance frameworks; and ● Taking responsibility for the sustainability framework and sustainability reporting for the MTN Group.</td>
<td>With the objective of ensuring a more integrated approach to managing risks that threaten the organisation, in 2011 the committee mandated the Business Risk Management Division to develop and implement a combined assurance methodology in line with the requirements of King III. This methodology continued to be a key focus area for the committee during 2013; ● The committee also monitored the risk management framework and internal control systems in the Company in order to manage the Company’s material business risks; ● One of the committee’s primary objectives was to review strategic, financial and operational risks that are inherent in operating in the telecommunications industry and assessing management’s responses to these risks; ● The committee was instrumental in ensuring that new and emerging risks (such as cyber crime) are afforded the necessary consideration; ● The committee was also involved in monitoring the corporate governance framework, including regulatory and listing requirements and business practices, with the objective of maintaining and strengthening risk management in the organisation; and ● The committee recommended various governance policies for approval by the board.</td>
<td></td>
</tr>
</tbody>
</table>

¹ Withdrawn as a member and chairman on 4 March 2014. ² Nominated as chairman on 4 March 2014.
Our corporate governance highlights continued

<table>
<thead>
<tr>
<th>Members</th>
<th>Terms of reference</th>
<th>Key focus for the year under review</th>
</tr>
</thead>
</table>
| Remuneration and human resources committee | A Harper (chairman), PF Nhleko, AT Mikati, F Titi, J van Rooyen appointed as a member on 4 March 2014. | The committee 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 and maximises the potential of its employees. | - Ensured that MTN’s remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management committed to achieving the overall goals of the Company;  
- Benchmarked MTN’s remuneration against competitor companies;  
- Recommended the advisory note on the remuneration philosophy which was ultimately reviewed by shareholders; and  
- Recommended the submission to the board and the annual general meeting the remuneration of the chairman and members of the board. |

<table>
<thead>
<tr>
<th>Members</th>
<th>Terms of reference</th>
<th>Key focus for the year under review</th>
</tr>
</thead>
</table>
| Social and ethics committee | KP Kalyan (chairman), NP Mageza, MLD Marole, J van Rooyen. | The committee performs an oversight and monitoring role in partnership with other committees to ensure that MTN business is conducted in an ethical and properly governed manner and to develop or review policies, governance structures and existing practices. The committee’s responsibilities include:  
- Holding the Group president and CEO accountable for MTN’s ethics performance;  
- Monitoring activities with respect to legislation, other legal requirements and codes of best practice;  
- Good corporate citizenship;  
- Environment, health and public safety;  
- Promotion of equality and prevention of unfair discrimination;  
- Prevention of fraud, bribery and corrupt practices;  
- Deterrence of human rights violations;  
- Consumer relations; and  
- Labour and employment. | More information on the social and ethics committee is set out on page 77 in the social and ethics statement in the integrated report. |

<table>
<thead>
<tr>
<th>Members</th>
<th>Terms of reference</th>
<th>Key focus for the year under review</th>
</tr>
</thead>
</table>
| Nominations committee | PF Nhleko (chairman), AT Mikati, A Harper, AF van Biljon, JHN Strydom | The nomination of board members and senior management. The committee makes recommendations to the board on the composition of the board and board committees and on the development of directors. | - Ensured a formal and transparent board nomination and election process (guided by our director appointment policy);  
- Conducted board independence review;  
- Evaluated and recommended the audit committee members for re-election; and  
- Evaluated and recommended the retiring directors for re-election. |
Our corporate governance highlights continued

External advisers
The board and its committees make use of external advisers who advise on a variety of matters that require board consideration and approval.

Code of business 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 business conduct is cascaded down to all operations.

Electronic communications
The Companies Act has made provision for electronic communication to shareholders. This provision will enable the Company to reduce the cost of integrated report production and distribution.

A project inviting shareholders to opt for receipt of electronic notification of the availability of the integrated report, the annual financial statements as well as other shareholder correspondence on the Company’s website, was undertaken in 2013.

Shareholders are invited to receive notification electronically. This will also ensure that they receive information easily and much quicker. Shareholders may send their email address and identifiable holder number to ecomms@mtn.com to enable the Company to record your preference.

Political donations policy
MTN supports multi-party democracy, good governance and healthy sharing of ideas in the country’s policy making environment through its political funding policy. Parties that receive funding are chosen using verified provisions from the Independent Electoral Commission. To qualify for funding, political parties must be registered in terms of section 15 of the Electoral Commission Act, No. 57 of 1996 and must have parliamentary representation. During the year the Company distributed funding in support of the democratic elections held in South Africa.

Aligning risk management and corporate governance
MTN recognises that risk management and internal control are an integral part of good corporate governance.

MTN’s overall governance structure and integrated risk management framework guides the operation of our business units, which are primarily responsible and accountable for risk management.

MTN’s objective is to instil greater risk awareness throughout the organisation; to standardise the approach to risk management and to embed the process into the day-to-day running of the business.

Business continuity and crisis risk management
Business continuity management (BCM) establishes a fit-for-purpose strategic and operational framework that:

- Proactively improves MTN’s resilience against disruption to achieve its key objectives;
- Provides a rehearsed method of restoring MTN’s ability to supply its key products and deliver its critical services to an agreed level within an agreed time after a disruption; and
- Delivers a proven capability to manage a disruption and protect MTN’s reputation and brand.

BCM’s understanding at the organisation’s highest level will ensure that the objectives of MTN’s operations are not compromised by unexpected disruptions. Through a proper and proactive BCM process, MTN ensures effective measures are in place to protect its people, facilities, technology, information, supply chain, stakeholders, reputation and brand. With that recognition, MTN can then take a realistic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its products or services.

Insurance and risk transfer
The MTN insurance programme is built around the close connection between risk management and insurance using an annual assessment of risk management at each operating company.

To achieve this, there is a strong commitment to risk management assessment, improving operational management’s adoption of risk management best practice and to reduce risks across the entire insurance programme.
MTN has a comprehensive insurance programme in place that covers perils such as physical/material damage, business interruption, political risk, public liability, directors’ and officers’ liability, crime and professional indemnity. The limits of indemnity for these covers have been structured to ensure that MTN has adequate cover for its risks but at the same time ensure that the Group gets maximum value from the programme and that premium spend is efficient. MTN also believes that risk retention and self-insurance are necessary to keep premiums at reasonable levels and show commitment towards risk management. MTN’s retention levels differ from policy to policy, guided by the nature of the risk being transferred.

Information and technology governance
MTN acknowledges information and technology as integral strategic assets to the business in delivering a bold new digital world to its customers. MTN’s commitment to sound governance is supported by the ongoing activities and efforts in embedding the King III Code of Corporate Governance principles and recommendations, with specific focus on technology governance through the establishment of various responsibilities, processes and supporting governance structures.

A Group information security officer (GISO) has been appointed and charged with the responsibility for managing and monitoring the Group-wide information security programme.

Adequate effort at all levels and proper risk management practices will continue to ensure that technology governance is fully integrated across all MTN operations and that current and emerging information security risks, such as cyber security and data privacy, are proactively addressed.

Fraud risk management
The MTN Group fraud risk management strategy is based on the three core elements of prevention, detection and response to fraud, bribery and corruption-related risks.

The proactive management of fraud risk is embedded into MTN Group enterprise risk management processes and also informs the residual rating and consideration of risk on a principal risk level. MTN operating companies are required to identify, monitor, mitigate and report on significant fraud risks on a continual basis. All MTN stakeholders have access to the Deloitte Tip-offs Anonymous website (www.tip-offs.com) and email address (anonymous@tip-offs.net) to report fraud and corruption while 19 operations have an established and dedicated whistleblowing line.

In 2013, MTN received 687 whistleblowing reports about fraud and other administrative matters. The MTN fraud risk management framework ensures that every whistleblowing report is reviewed, investigated accordingly and reported to the audit committee where applicable and relevant. Current and emerging fraud risks such as mobile financial services, cybercrime and procurement fraud continue to be assessed and monitored.

Internal audit
The MTN Group and all its subsidiaries embrace the principles of The King III Report and recognise the significant opportunities that present themselves to companies that do so.

Internal audit’s role is that of an objective and independent value-adding assurance provider that embraces a risk-based auditing approach in line with King III to the Group exco and board. It considers the risks that may hamper the achievement of strategic priorities and further determines the effectiveness of MTN’s system of internal control and risk management.

MTN’s internal audit has adopted a combined assurance model as a coordinated approach to all assurance activities.

MTN has dedicated teams that perform internal audits across MTN and its subsidiaries. Internal audit reports functionally to the audit committee and administratively to the Group president and CEO. Its independence is explicitly stated within the business risk management charter. Internal audit assurance is guided by extensive and proactive risk assessment. Internal audit coverage is extended to all operations and all high-risk processes in line with the internal audit methodology.

In 2013, more than 180 000 hours were spent on internal audit and for 2014 we expect that internal audit activities will exceed 201 370 hours.
# Application of the King III principles

## Application of the King III principles: MTN Group Limited

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Ethical leadership and corporate citizenship</strong></td>
<td></td>
<td><strong>1.1</strong> The board should provide effective leadership based on an ethical foundation</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>The ethical tone of the Group is set by the board and is cascaded down to management who is tasked with embedding the ethical values and standards throughout the Group. In order to ensure that ethics are adequately addressed, an ethics task team has been constituted by the social and ethics committee to roll out the Group-wide ethics management intervention. The social and ethics committee reports to the board on progress of the intervention and other activities around ethics.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1.2</strong> The board should ensure that the Company is and is seen to be a responsible corporate citizen</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>The Group, through the activities of the social and ethics committee, endeavours to act responsibly within every geographical area in which it operates. The Group aims to adhere to and comply with all laws and regulations within the societies where it operates and is also actively involved in CSI and sustainability initiatives which aim to uplift the surrounding communities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>1.3</strong> The board should ensure that the Company’s ethics are managed effectively</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>The board has delegated the social and ethics committee, in conjunction with management and the ethics task team, to ensure that the Group’s ethics are managed effectively. The social and ethics committee reports to the board on all its activities.</td>
</tr>
<tr>
<td><strong>2. Boards and directors</strong></td>
<td></td>
<td><strong>2.1</strong> The board should act as the focal point for and custodian of corporate governance</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>One of the board’s core areas of focus is corporate governance; the board, through the Group secretary, receives guidance and regularly deliberates on governance matters through the risk, compliance and corporate governance committee.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.2</strong> The board should appreciate that strategy, risk, performance and sustainability are inseparable</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>The board retains full and effective control over the Group and provides strategic direction and leadership. The board also deliberates on the sustainability challenges faced by the Group, the adoption of strategic plans, the monitoring of operational performance and the development of appropriate and effective risk management policies and processes. In order to perform this function, the board holds annual strategy sessions with management to deliberate on and approve key strategic plans, taking into account risk and sustainability.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.3</strong> The board should provide effective leadership based on an ethical foundation</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.4</strong> The board should ensure that the Company is and is seen to be a responsible corporate citizen</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 1.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.5</strong> The board should ensure that the Company’s ethics are managed effectively</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 1.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.6</strong> The board should ensure that the Company has an effective and independent audit committee</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 3.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.7</strong> The board should be responsible for the governance of risk</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 4.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>2.8</strong> The board should be responsible for information technology (IT) governance.</td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>See principle 5.1</td>
</tr>
</tbody>
</table>
### Application of the King III principles

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.9</td>
<td>Applied</td>
<td>See principle 6.1</td>
</tr>
<tr>
<td>2.10</td>
<td>Applied</td>
<td>See principle 7.1</td>
</tr>
<tr>
<td>2.11</td>
<td>Applied</td>
<td>See principle 8.1</td>
</tr>
<tr>
<td>2.12</td>
<td>Applied</td>
<td>See principle 9.1</td>
</tr>
<tr>
<td>2.13</td>
<td>Applied</td>
<td>See principle 7.1</td>
</tr>
<tr>
<td>2.14</td>
<td>Applied</td>
<td>The board is required to act in good faith in all instances. The board and its committees are evaluated annually to ensure that directors always act in the best interest of the Company and are well informed of their duty to exercise a degree of care, skill and diligence. Furthermore, all directors participate in periodic director development sessions. Directors are also requested to declare any conflicts of interest they may have in any particular transaction and/or decision deliberated on at board meetings.</td>
</tr>
<tr>
<td>2.15</td>
<td>Applicable</td>
<td>This principle is accepted by the board and will be applied as envisaged should the eventuality ever arise.</td>
</tr>
<tr>
<td>2.16</td>
<td>Applied</td>
<td>The roles and duties of the non-executive chairman and the Group president and CEO are separated and clearly defined in the board charter. This division of responsibilities ensures a balance of authority and power, with no individual having unrestricted decision-making powers. The chairman is not considered independent; however the Group has also appointed a lead independent director who provides leadership and advice to the board, without detracting from the authority of the chairman, when the chairman himself is conflicted.</td>
</tr>
<tr>
<td>2.17</td>
<td>Applied</td>
<td>The board has appointed a Group president and CEO and has established a delegation of authority framework that is periodically revised and approved by the board.</td>
</tr>
<tr>
<td>2.18</td>
<td>Applied</td>
<td>The board comprises 13 directors, of which eight directors are independent non-executive directors, three are non-executive directors and two are executive directors. All the non-executive directors are subjected to an annual independence review, which aimed at ensuring that they have an independent mind even though they are not considered independent.</td>
</tr>
<tr>
<td>2.19</td>
<td>Applied</td>
<td>A formal policy on the appointment of directors and the Group secretary has been adopted and is applied.</td>
</tr>
</tbody>
</table>
### Application of the King III principles

<table>
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<tr>
<th>King III principle</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2.20 The induction and ongoing training and development of directors should be conducted through formal processes</td>
<td>Partially applied</td>
<td>Although a formal policy has not been approved, the Group secretary is responsible for the induction of directors and carries out this function through regular engagements with the directors, with the assistance of external advisers where necessary.</td>
</tr>
<tr>
<td>2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary</td>
<td>Applied</td>
<td>The board has evaluated the performance of the Group secretary and has concluded that she has the skills, competencies and appropriate qualifications to fulfil her role.</td>
</tr>
<tr>
<td>2.22 The evaluation of the board, its committees and the individual directors should be performed every year</td>
<td>Applied</td>
<td>The board conducts an internal evaluation of itself and its committees annually and is subjected to an external performance appraisal every two years.</td>
</tr>
<tr>
<td>2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities</td>
<td>Applied</td>
<td>The board has constituted the following committees, which attend to the business of the board and report on how each committee has discharged its duties.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Risk management, compliance and corporate governance committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Remuneration and human resources committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nominations committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Audit committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social and ethics committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Group’s governance structure and composition is addressed in detail in the corporate governance highlights in this integrated report.</td>
</tr>
<tr>
<td>2.24 A governance framework should be agreed between the Group and its subsidiary boards</td>
<td>Applied</td>
<td>Most of the elements of the governance structure are replicated in major subsidiaries in order to maintain good governance throughout the Group. The subsidiaries receive assistance and guidance on matters relating to governance from Group Company Secretarial and the Group president and CEO.</td>
</tr>
<tr>
<td>2.25 Companies should remunerate directors and executives fairly and responsibly</td>
<td>Applied</td>
<td>Directors and executives are remunerated through a remuneration policy which is reviewed and endorsed by the shareholders at each annual general meeting. The remuneration policy applies common principles and practices for the remuneration of executives and directors. The remuneration and human resources committee ensures that the Group’s remuneration policy is aligned with the strategy and goals. The remuneration is structured to be competitive and is benchmarked against global competitors. More details on the remuneration policy can be found in the remuneration report in this integrated report.</td>
</tr>
<tr>
<td>2.26 Companies should disclose the remuneration of each individual director and prescribed officers</td>
<td>Applied</td>
<td>The remuneration of each individual director and prescribed officers is disclosed in this integrated report.</td>
</tr>
<tr>
<td>2.27 Shareholders should approve the Company’s remuneration policy</td>
<td>Applied</td>
<td>The remuneration policy is outlined in the remuneration report and is approved through a non-binding advisory note by shareholders at each annual general meeting.</td>
</tr>
</tbody>
</table>

**3. Audit committees**

| 3.1 The board should ensure that the Company has an effective and independent audit committee | Applied | The Group audit committee comprises independent non-executive directors who are elected by shareholders at an annual general meeting. The committee meets at least once every quarter and derives its mandate from approved terms of reference which incorporate the statutory requirements. |
| 3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors | Applied | Audit members are appointed to the committee based on their skills, competencies and expertise and are regularly subjected to a performance and independence evaluation. |
## Application of the King III principles continued

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
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</tr>
</thead>
<tbody>
<tr>
<td>3.3 The audit committee should be chaired by an independent non-executive director</td>
<td>Partially applied</td>
<td>AF van Biljon, an independent non-executive director, is the chairman of the Group audit committee. However, not all of the operations’ audit committees are chaired by independent non-executive directors.</td>
</tr>
<tr>
<td>3.4 The audit committee should oversee integrated reporting</td>
<td>Applied</td>
<td>The audit committee reviews, contributes to and recommends the integrated report to the board for approval.</td>
</tr>
<tr>
<td>3.5 The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities</td>
<td>Applied</td>
<td>The audit committee and the risk management, compliance and corporate governance committee have approved the combined assurance methodology which has been implemented across the Group; the co-ordinated and integrated approach is at an advanced stage in the areas of risk management, forensics and internal audit. External auditors are consulted on the combined assurance plans in order to provide a co-ordinated approach.</td>
</tr>
<tr>
<td>3.6 The audit committee should satisfy itself of the expertise, resources and experience of the Company’s finance function</td>
<td>Applied</td>
<td>The audit committee reviews the performance of the Group chief financial officer and the Group finance function annually, and is satisfied with the skills and expertise of the Group chief financial officer and the Group finance function.</td>
</tr>
<tr>
<td>3.7 The audit committee should be responsible for overseeing of internal audit</td>
<td>Applied</td>
<td>The audit committee oversees internal audit and receives regular reports on the status of the Group’s internal audits.</td>
</tr>
<tr>
<td>3.8 The audit committee should be an integral component of the risk management process</td>
<td>Applied</td>
<td>The audit committee, in conjunction with the risk management, compliance and corporate governance committee, plays an integral part in the risk management process and receives regular reports on the status of risk management.</td>
</tr>
<tr>
<td>3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process</td>
<td>Applied</td>
<td>The audit committee reviews and deliberates on the performance of the external auditors and concludes with a recommendation that the external auditors be re-appointed by the shareholders at the annual general meeting.</td>
</tr>
<tr>
<td>3.10 The audit committee should report to the board and shareholders on how it has discharged its duties</td>
<td>Applied</td>
<td>The audit committee reports to the board and compiles a report annually on how it has discharged its duties. This report is contained in this integrated report.</td>
</tr>
</tbody>
</table>

### 4. The governance of risk

| 4.1 The board should be responsible for the governance of risk | Applied | The board has delegated to business risk management the task of implementing a formal and integrated risk management process. Altogether 23 principal risks have been identified by the board as key risk areas which will be prioritised. These risks are revised periodically as the risk universe and strategy changes. Business risk management reports to the board on its performance through the risk management, compliance and corporate governance committee. |
| 4.2 The board should determine the levels of risk tolerance | Applied | The Group’s risk appetite is determined by the type of risk, which allows for a more controlled approach to managing risk levels. A formal risk escalation structure was implemented based on the Group’s risk-bearing capacity and a set of risk thresholds at various levels in the Group. These risk thresholds are reviewed and updated regularly. |
| 4.3 The risk committee or audit committee should assist the board in carrying out its risk responsibilities | Applied | The risk management, compliance and corporate governance committee and the audit committee carry out the risk responsibilities and both committees fulfill this mandate by scheduling regular meetings and an annual workshop to receive feedback from management on performance against the identified risks. |
Application of the King III principles continued

<table>
<thead>
<tr>
<th>King III principle</th>
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<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4</td>
<td>Applied</td>
<td>Business risk management has been mandated by the board to monitor and implement a risk management plan, which includes the development of appropriate and effective risk management policies and processes.</td>
</tr>
<tr>
<td>4.5</td>
<td>Applied</td>
<td>Altogether 23 principal risks have been identified (among other risks) and are monitored continuously; reports on the controls and assessments are submitted to the audit committee and the risk management, compliance and corporate governance committee at each meeting.</td>
</tr>
<tr>
<td>4.6</td>
<td>Applied</td>
<td>The board’s objective has been to instil greater risk awareness throughout the organisation, and to standardise the approach and methodologies to risk management. Business risk management assists the board by identifying, assessing, mitigating and reporting risks which would include current risks and any emerging or unpredictable risks.</td>
</tr>
<tr>
<td>4.7</td>
<td>Applied</td>
<td>A formal risk escalation structure has been implemented based on the Group’s risk-bearing capacity and a set of risk thresholds at various levels throughout the Group. These risk thresholds are reviewed and updated regularly. The aggregation of total risk is conducted qualitatively and the Group risk management, compliance and corporate governance committee assesses the acceptability of the Group’s consolidated risk profile.</td>
</tr>
<tr>
<td>4.8</td>
<td>Applied</td>
<td>The Group has a dedicated business risk management department which reports to the audit committee and the risk management, compliance and corporate governance committee on a quarterly basis.</td>
</tr>
<tr>
<td>4.9</td>
<td>Applied</td>
<td>The process of risk management and disclosure in the Group is guided by a risk framework which is based on best practice risk management procedures. External assurers provide an assessment on our risk processes.</td>
</tr>
<tr>
<td>4.10</td>
<td>Applied</td>
<td>A detailed risk report is contained in this integrated report.</td>
</tr>
</tbody>
</table>

5. The governance of information technology

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Applied</td>
<td>The board has delegated the management of IT governance to management. Management drives and promotes the efficient, effective, secure and acceptable use of the network, technology and information across the Group, and thereby also adopts and applies the requirements and recommendations provided by King III.</td>
</tr>
<tr>
<td>5.2</td>
<td>Applied</td>
<td>Management ensures that all IT and network-related projects are aligned to a defined project management methodology and oversees the integration of the IT and network strategies to the business strategy objectives and the IT sustainability plan.</td>
</tr>
<tr>
<td>5.3</td>
<td>Applied</td>
<td>Management, through its committees, oversees the development and implementation of an IT and network governance framework, incorporating both the strategic and operational aspects of these components.</td>
</tr>
<tr>
<td>5.4</td>
<td>Applied</td>
<td>Management, through its committees, assists the board by monitoring IT and network investments and provides oversight on all activities relating to IT expenditure. A report on significant expenditure is presented at the executive committee meeting.</td>
</tr>
<tr>
<td>5.5</td>
<td>Applied</td>
<td>IT has been identified as one of the 23 principal risks and is therefore a major part of the risk management process and is a regular item on the risk management, compliance and corporate governance committee agenda.</td>
</tr>
</tbody>
</table>
## Application of the King III principles continued

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.6</td>
<td>The board should ensure that information assets are managed effectively</td>
<td>Partially applied</td>
</tr>
<tr>
<td>5.7</td>
<td>A risk committee and audit committee should assist the board in carrying out its IT responsibilities</td>
<td>Applied</td>
</tr>
<tr>
<td>6.1</td>
<td>The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards</td>
<td>Partially applied</td>
</tr>
<tr>
<td>6.2</td>
<td>The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business</td>
<td>Partially applied</td>
</tr>
<tr>
<td>6.3</td>
<td>Compliance risk should form an integrated part of the Company’s risk management process</td>
<td>Partially applied</td>
</tr>
<tr>
<td>6.4</td>
<td>The board should delegate to management the implementation of an effective compliance framework and processes</td>
<td>Partially applied</td>
</tr>
<tr>
<td>7.1</td>
<td>The board should ensure that there is an effective risk-based internal audit</td>
<td>Applied</td>
</tr>
<tr>
<td>7.2</td>
<td>Internal audit should follow a risk-based approach to its plan</td>
<td>Applied</td>
</tr>
<tr>
<td>7.3</td>
<td>Internal audit should provide a written assessment of the effectiveness of the Company’s system of internal control and risk management</td>
<td>Applied</td>
</tr>
<tr>
<td>7.4</td>
<td>The audit committee should be responsible for overseeing internal audit</td>
<td>Applied</td>
</tr>
<tr>
<td>7.5</td>
<td>Internal audit should be strategically positioned to achieve its objectives</td>
<td></td>
</tr>
</tbody>
</table>
## Application of the King III principles

### 8. Governing stakeholder relationships

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8.1</strong> The board should appreciate that stakeholders' perceptions affect a Company's reputation</td>
<td></td>
<td>The gap between stakeholders' perceptions and the performance of the Company is monitored and managed through ongoing engagement with all significant stakeholders in order to enhance or protect the Company's reputation.</td>
</tr>
<tr>
<td><strong>8.2</strong> The board should delegate to management to proactively deal with stakeholder relationships</td>
<td></td>
<td>Management develops strategies, policies and programmes for the management of the relationship with each stakeholder grouping.</td>
</tr>
<tr>
<td><strong>8.3</strong> The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company</td>
<td></td>
<td>Management develops strategies, policies and programmes for the management of the relationship with each stakeholder grouping.</td>
</tr>
<tr>
<td><strong>8.4</strong> Companies should ensure the equitable treatment of shareholders</td>
<td><strong>Applied</strong></td>
<td>The Group understands the importance of sound relationships with shareholders and endeavours to treat all shareholders fairly and ensure that they have adequate access to financial information and other relevant reports.</td>
</tr>
<tr>
<td><strong>8.5</strong> Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence</td>
<td><strong>Applied</strong></td>
<td>The board has been intimately involved in communication to our stakeholders regarding issues that could affect the Group's reputation. The Group has dedicated departments that manage the relationship with stakeholders.</td>
</tr>
<tr>
<td><strong>8.6</strong> The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible</td>
<td><strong>Applied</strong></td>
<td>All major disputes are escalated to management and to the board and efforts are made wherever possible to resolve disputes effectively and expeditiously.</td>
</tr>
</tbody>
</table>

### 9. Integrated reporting and disclosure

<table>
<thead>
<tr>
<th>King III principle</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9.1</strong> The board should ensure the integrity of the Company's integrated report</td>
<td><strong>Applied</strong></td>
<td>The board reviews, contributes and approves the content of the integrated report.</td>
</tr>
<tr>
<td><strong>9.2</strong> Sustainability reporting and disclosure should be integrated with the Company's financial reporting</td>
<td><strong>Applied</strong></td>
<td>The Group reports on sustainability and includes such in the integrated report.</td>
</tr>
<tr>
<td><strong>9.3</strong> Sustainability reporting and disclosure should be independently assured</td>
<td><strong>Partially applied</strong></td>
<td>Aspects of sustainability reporting are independently verified in accordance with a formal assurance process that has been established. The intention is to extend the independent verification scope in the years ahead.</td>
</tr>
</tbody>
</table>
Social and ethics report

Social and ethics committee

The MTN Group social and ethics committee (Committee) is pleased to present this social and ethics report 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 and that the Committee must report to shareholders on its activities during the year under review.

Terms of reference

The Committee has adopted comprehensive and formal terms of reference which have been approved by the board and which are reviewed on an annual basis. Details of the terms of reference are set out on page 13 of the governance report.

Membership, meeting attendance and evaluation

The Committee comprises four independent non-executive directors who are suitably qualified to serve as Committee members. The composition of the Committee and the members’ attendance are set out below:

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP Kalyan (chairman)</td>
<td>3/3</td>
</tr>
<tr>
<td>NP Mageza</td>
<td>3/3</td>
</tr>
<tr>
<td>MLD Marole</td>
<td>3/3</td>
</tr>
<tr>
<td>J van Rooyen</td>
<td>3/3</td>
</tr>
</tbody>
</table>

The biographical details of members are set out on pages 22 and 23 of the integrated report. The Committee meets at least four times a year and members’ fees are included in the table of directors’ emoluments and related payments.

The Group president and chief executive officer and Group chief human resources and corporate affairs officer attend meetings by invitation.

Ethics management framework implementation

Being a listed company, MTN Group upholds the principles of ethical leadership and corporate citizenship as outlined in Chapter 1 of the King III report on Corporate Governance for South Africa (2009):

Principle 1.1: The board should provide effective leadership based on an ethical foundation
Principle 1.2: The board should ensure that the Company is a responsible corporate citizen
Principle 1.3: The board should ensure the effective management of the Company’s ethics

In executing Principle 1.1, oversight of the management of ethics was delegated to the social and ethics committee. A best practice approach was adopted by the social and ethics committee to ensure ethics are managed in a structured and effective manner, and all MTN-based interventions are being conducted within this framework.
MTN Group Limited Corporate Governance // for the year ended 31 December 2013

Social and ethics report continued

MTN Group ethics management framework:
Building blocks of our ethics culture

<table>
<thead>
<tr>
<th>Leadership commitment</th>
<th>Personal values and vital behaviours</th>
<th>Sound business principles and practices</th>
<th>Regulatory imperatives and global protocols</th>
</tr>
</thead>
</table>

PEOPLE
Human rights and labour

**Governance of ethics** (ethics management)
Independent ethics risk assessment and profiling; ethics risk mitigating strategy; ethics culture index

PLANET
Environment

**Code of policies**
Code of ethics; social and ethics statement; ethics-related policies, standards, guidelines and frameworks; disciplinary and reward measures

PROFIT
Anti-bribery and corruption

**Ethics governance structures**
MTN Group board’s social and ethics committee; audit committee; risk management, compliance and corporate governance committee; ethics task teams; ethics champions; cultural operating system influencers

**Institutionalisation and reporting**
Ethics competence and commitment; ethics communication, advice and support; ethics training; monitoring and reporting (internal and external)

MTN Group ethics culture

MTN’s approach to ethics management involves key systemic capabilities, grounded in leadership commitment, personal and organisational values, business principles, regulatory imperatives and our commitment to key global responsibility protocols.

**Systemic capabilities for ethics management and governance**

1. **Governance of ethics** through independent ethics risk assessment and profiling and ethics risk mitigating strategies.

2. **Code and policies** (code of ethics; social and ethics statement; ethics and compliance policies, standards and guidelines; disciplinary and reward measures).

3. **Ethics governance structures** (MTN Group board’s social and ethics committee; audit committee; risk management, compliance and corporate governance committee; ethics task teams; ethics champions; and cultural operating system (COS) influencers).

4. **Institutionalisation and reporting**: Ethics competence and commitment; ethics communication, advice and support; ethics training; monitoring and reporting (internal and external).

MTN has embarked on a long-term sustainable ethics management intervention (MTN-EMI), commencing with a comprehensive independent ethics risk analysis that requires data to be provided by internal and external stakeholders for analysis in developing an MTN ethics risk profile and associated ethics risk mitigating strategy. All this information is submitted to and debated at the social and ethics committee meetings; after deliberation the Committee passes the requisite approvals and/or recommendations for board approval.
Progress in 2013 on elements of the ethics management framework

Governance of ethics

Governance of ethics at MTN is directed through an independent ethics risk assessment and profiling that forms the basis for the Company’s ethics risk mitigating strategies. The Ethics Institute of South Africa was commissioned to conduct an independent comprehensive ethics risk assessment, starting at the Group office and cascading to opcos.

Code and policies

The Committee commissioned several initiatives to mitigate the risks associated with bribery and corruption in the workplace. This included the development of priority ethics and compliance policies and frameworks to ensure crucial aspects of ethics are governed and managed appropriately and with effect:

- Adoption of a revised MTN Group social and ethics statement, to give more emphasis to the intent to balance the benefits of the rapid development of technology with ethical and responsible application.
- Adoption of an anti-bribery and corruption policy (aligned to the UK Bribery Act)
- Adoption of a human rights policy
- Adoption of a fraud incident reporting framework
- Adoption of a gifts and hospitality policy
- Adoption of an issue management framework
- Adoption of a conflict of interest policy
- Adoption of a policy on security and human rights in use of information and communication technologies (human rights policy)

Ethics governance structures

The Committee has, in fulfilling its mandate, ensured collaboration between its own activities and those of other board committees and operational structures such as the board’s risk management, compliance, and corporate governance committee.

Issue management councils came into effect in terms of the issue management framework adopted by the Committee. These councils offer a mechanism to manage issues cross-functionally at Group and at opco level.

The ethics task team, together with opco ethics champions, continued the institutionalisation of ethics in the organisation.

Cultural operating system (COS) influencers were identified and trained to provide ethics leadership through the Company’s culture change model.

Institutionalisation and reporting

In order to assist in institutionalising ethics management an opco mobilisation plan was rolled out which directed the roles and responsibilities of ethics champions. Mobilisation involved the communication of ethics standards and messages and advocacy of ethics resources available to the Group.

Ethics governance and management training was undertaken by:
- The board
- The social and ethics committee
- The ethics task team (ethics officer certification)
- 25 ethics champions from across the Group

Training was undertaken by opco issue and stakeholder managers to institutionalise the use of the MTN issue management toolkit and the corporate affairs handbook.

MTN continues to raise its ethics profile across the organisation. In 2013 some 12 122 employees completed MTN Academy e-Live ethics and governance-related online courses. A total of 20 477 online ethics and governance courses were completed.

To be a truly responsible business, MTN is articulating the responsibilities of all its leaders, employees and agents in a positive and constructive manner in the MTN Group code of ethics and its supporting policies, procedures and guidelines. This is a crucial action in ensuring that MTN is a company where there is consistent adherence to ethical conduct, where we maintain a reputation of honesty, fairness and integrity, and where there is active opposition to illegal or unethical conduct.