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Who is responsible
Profiles of our board of directors

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

Appointed: 28 May 2013
Board committee membership: Chairman; Nominations committee; Member: Remuneration and human resources committee.


Skills, expertise and experience: Strategic leadership and finance.

RS Dabengwa (57)
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 attend various board committee meetings by invitation.

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

Skills, expertise and experience: Emerging market telecommunications strategic, technical, operations and engineering.

B Goschen (50)
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 the MTN Group.

Skills, expertise and experience: Accounting, finance and operations.

A Harper (58) (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 the MTN Group, Eaton Towers Limited and Venture Partnership Foundation Limited.

Skills, expertise and experience: Telecommunications.

KP Kalyan (60)
Independent non-executive director
BCom (Law) (Hons) Economics, Senior Executive Management Programme

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 the MTN Group, chairman of Edgo Development (Pty) Limited.

Skills, expertise and experience: Emerging market telecommunications strategic, technical, operations and engineering.

NP Mageza (60)
Independent non-executive director
FCCA

Appointed: 1 January 2010
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 the MTN Group, Remgro Limited, Sappi Limited, RCL Group, Eqstra Holdings Limited and Anglo American Platinum Limited.

Skills, expertise and experience: Accounting, banking and finance.

MLD Marole (54)
Independent non-executive director
BCom (Acc), Dip Tertiary Education, MBA, Executive Leadership Development Programme

Appointed: 1 January 2010
Board committee membership: Member: Risk management, compliance and corporate governance committee; Member: Social and ethics committee.

Other directorships: Director of various companies in the MTN Group, Eyomhlaba Investment Holdings Limited, Richards Bay Mining (Pty) Limited, Santam Limited and the Development Bank of Southern Africa.

Skills, expertise and experience: Financial services.

The board retains full and effective control over the Group and is responsible 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 available in the board charter.

MTN Group Limited Corporate Governance Report for the year ended 31 December 2014
Profiles of our board of directors continued

AT Mikati (42) (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 the MTN Group, CEO of the M1 Group Limited (an international investment group with a strong focus on the telecommunications industry) and director of various companies in the M1 Group. He also serves on the boards of the Children Cancer Centre, the International College and Columbia University board of visitors.
Skills, expertise and experience: Telecommunications.

MJN Njeke (56)
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.
Skills, expertise and experience: Finance and tax.

KC Ramon (47)
Independent non-executive director
BCompt, BCompt (Hons), CA(SA), Senior Executive Programme
Appointed: 1 June 2014
Board committee membership: Chairman: Audit committee (from 1 January 2015).
Other directorships: Director of various companies in the MTN Group, AngloGold Ashanti Limited, Lafarge and deputy chair of the Financial Reporting Standards Council of South Africa.
Skills, expertise and experience: Accounting and finance.

JHN Strydom (76)
Non-executive director
MCom (Acc), CA(SA)
Appointed: 11 March 2004
Board committee membership: Member: Risk management, compliance and corporate governance committee; Nominations committee; Remuneration and human resources committee.
Other directorships: Director of various companies in the MTN Group and director of Afrisam Group (Pty) Limited and Afrisam South Africa (Pty) Limited.
Skills, expertise and experience: Accounting and taxation.

F Titi (52)
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 the MTN Group, non-executive chairman of Kumba Iron Ore Limited and Investec Bank Limited, and joint chairman of Investec Limited and Investec Plc. Fani is a director and investor in the private equity firm Tsiya Group (Pty) Limited.
Skills, expertise and experience: Finance and banking.

AF van Biljon (67)
Lead independent non-executive director
BCom, CA(SA), MBA
Appointed: 1 November 2002
Board committee membership: Chairman: Audit committee (withdrawn 1 January 2015); Member: Nominations committee.
Other directorships: Director of various companies in the MTN Group, chairman and trustee of Standard Bank Group Retirement Fund and Liberty Group Pension and Provident Funds.
Skills, expertise and experience: Accounting and finance.

J van Rooyen (65)
Independent non-executive director
BCom, BCompt (Hons), CA(SA)
Appointed: 18 July 2006
Board committee membership: Member: Remuneration and human resources committee; Audit committee; Social and ethics committee.
Other directorships: Director of various companies in the MTN Group, various companies in the Uranus Group, Pick n Pay Stores Limited, Pick n Pay Holdings Limited, Exxaro Resources Limited and chairman of Financial Reporting Standards Council of South Africa.
Skills, expertise and experience: Accounting and finance.
Who is responsible

Profiles of our executive committee

The executive 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. It meets at least monthly, and more often, as required.

RS Dabengwa (57)
Group president and chief executive officer
BSc (Eng), MBA
Executive since 1999

Z Bulbulia (45)
Group chief operations executive
BCom, BCompt (Hons), CA(SA)
Executive since 2013

JA Desai (57)
Group chief technology and information officer
BA (Hons), Bcom
Executive since 2009

S Fakie (61)
Group chief business risk officer
BCom, BCompt (Hons), CA(SA)
Executive since 2007

A Farroukh (54)
Canadian and Lebanese
CEO: MTN South Africa
MBA, CPA
Executive since 2011

M Fleischer (53)
Group chief legal counsel
BCom, Advanced Tax Certificate
Executive since 2014

BD Goschen (50)
Group chief financial officer
BCom, BCompt (Hons), CA(SA)
Executive since 2012

M Ikpoki (45)
Nigerian
CEO: MTN Nigeria
LLB, BL
Executive since 2013

PD Norman (49)
Group chief human resources and corporate affairs officer
MA (Psych), MBA
Executive since 1997

M Nyati (50)
Group chief enterprise officer
BSc (Eng), Yale World Fellow
Executive since 2014

KW Pienaar (56)
Group chief strategy, mergers and acquisition officer
BSc (Eng)
Executive since 2001

PC Verkade (48)
Dutch
Group chief commercial officer
BMarketing
Executive since 2013
How we are governed

Corporate governance report

Statement of commitment
The MTN Group is committed to the highest standards of ethical behaviour from our directors, management and employees. In line with this commitment, the Group continues to enhance and align policies, systems and processes to embed sound corporate governance principles and ethical standards. Guided by these principles and standards, directors and management are required to exercise rigorous ethical judgement in leading the Group and acting in the best interests of all stakeholders.

Governance structure

Terms of reference
In line with King III we annually review the terms of reference for all our committees and these are approved by the board. The terms of reference of the Group audit committee, the Group risk management, compliance and corporate governance committee, and the social and ethics committee were reviewed to remove the apparent overlaps in the roles of the committees.
In 2014 we focused on embedding the policies approved in 2013 by creating awareness. We further ensured that effective measures for the monitoring and reporting of non-compliance were implemented and the outcomes escalated to management.

We implemented the conflict of interest policy, which had been approved in 2013. It is aimed at ensuring employees act in the best interests of the Group and do not profit from their position in the Company. The policy governs, among others, employees’ relationships with suppliers, and circumstances where employees serve as directors of external organisations.

The conflict of interest policy is supported by the anti-bribery and corruption policy, which sets out the responsibility of employees and management towards the detection, prevention and reporting of fraud and all dishonest conduct. A confidential hotline is available to all employees to report suspected incidents of fraud.

A new electronic system for the declaration of conflicts of interests, and gifts received/returned, was rolled out throughout the Group. This system assists employees by making the declaration process accessible and user friendly, and the reporting process more efficient.

We continually strive to improve the effectiveness and quality of our governance structures, and ensure that they are further embedded in all our operating subsidiaries.

In 2014, a new director was appointed to the Group board and some of the board committees were reconstituted.

Two new executives, namely the Group chief legal counsel and the Group chief enterprise officer, were appointed to the executive committee. The Group chief operations executive and the CEO of MTN South Africa exchanged roles.

Changes were also made to a number of the MTN opco boards.

Application of the King III principles
The application of and adherence to the King III principles continue to be a key focus. In 2014 the Group reviewed its application of the King III principles and is satisfied that it has substantially applied the King III principles.

For more details on the application of the King III principles, please refer to page 17 of this report.
### 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. The assessments are confidential and cover a variety of subjects. The outcomes are discussed at a 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.

When Phuthuma Nhleko was appointed as a non-executive chairman in May 2013, he was not considered to be independent as he had served MTN in an executive capacity within the previous three financial years. However, during 2014, after having been away from any executive control of the business for more than three years, and there being no other factor undermining his impartiality, the board evaluated his independence. This evaluation was conducted in a formal and transparent manner, with the guidance of the Group independence review policy and the assistance of the Group secretary. It was carried out by the members of the nominations committee, led by the lead independent director. The board deliberated, and concluded that the chairman was independent. As a result, the board has recently reclassified the chairman as an independent non-executive director.

Given their length of tenure on the board, the board also carried out evaluations of lead independent director Alan van Biljon and non-executive director Jan Strydom. In line with good corporate governance practices and the JSE Listings Requirements, we also carried out evaluations of the performance of the CEO, the CFO and the Group secretary. The board was satisfied with the outcomes of all these evaluations.

As part of the annual board evaluation, the independence of other non-executive directors was reviewed as well.

### Ethics

Ethics at MTN mean the continuous adherence to good business conduct, where we maintain a reputation of honesty, fairness and integrity and where there is zero tolerance for, and active opposition to, illegal or unethical practices and conduct.

We have endeavoured to identify and implement standards of conduct for business that will ensure the interests of our stakeholders are respected. Our code of ethics, together with the social and ethics statement and the employee conduct pledge, expresses MTN’s standards of conduct for all employees and directors. MTN is strengthening its ethics identity through a systematic ethics management programme which has been implemented and is being monitored across the Group, 50 of the integrated report.

### Dealing in MTN shares

MTN has a policy that enforces closed periods, during which trading in MTN Group shares by directors, senior executives and employees is prohibited. The closed periods run from the end of the interim and annual reporting periods until the financial results are disclosed on SENS.

All directors’ dealings in shares require the prior approval of the chairman of the board. Within 48 hours of trade, this information is disclosed to JSE Limited, and the details are published on SENS. The company secretary maintains a record of such trading and approvals.

In 2014, in a formal letter addressed to investment managers and associates of directors of the Company, we outlined the rules of the JSE Listings Requirements. We requested that each director forward this letter to relevant associates and investment managers to ensure that each is fully aware of the requirements.
Our objectives for 2015

Our aim is to keep abreast of regulatory developments, further enhance our governance standards, monitor and ensure compliance with relevant laws and regulations, and cultivate a thriving ethical culture in the different geographies in which the Group operates. We also aim to maintain a high standard of reporting and disclosure, keeping in mind the best interests of our stakeholders, and disclosing what is relevant and critical to the sustainability of the Group.

The role of the board

The board is ultimately responsible for, among others:

- full and effective control of the Group;
- the adoption of strategic plans and the monitoring of operational performance;
- making sensible and informed business decisions and recommendations; and
- upholding the highest ethical standards of integrity and probity in all its decisions and business dealings.

Diversity on the board

The Group has a unitary board, consisting of executive and non-executive directors. To promote objectivity and to reduce the possibility of conflicts of interest, the majority of directors are independent non-executives. The directors are diverse in their academic qualifications, industry knowledge and experience, race, and gender. This diversity enables them to provide the board with the relevant judgement to work effectively when conducting and determining the business affairs of the Company.

One of the outcomes of the external board evaluation conducted in 2013, was the lack of female representation on the board. In 2014, the board progressed in addressing this outcome with the appointment of a female non-executive director, with effect from 1 June 2014.

Diversity by gender

Female representation improved

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<tr>
<td>Women</td>
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<tr>
<td>Men</td>
<td>11</td>
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Board independence

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<tr>
<td>Independent non-executives</td>
<td>10</td>
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<tr>
<td>Executives</td>
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<tr>
<td>Non-executives</td>
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</table>
Board appointment process

The nominations committee follows a rigorous and transparent procedure in the appointment. The selection process is conducted under the guidance of an approved policy and involves considering the existing balance of skills and experience of the directors, and an assessment of the needs of the company. The recommendations of the nominations committee are presented to the board for consideration and approval.

Retirement of directors

The Company’s memorandum of incorporation requires new directors to be subject to an election at the first annual general meeting following their appointment. Directors are also subject to retirement every three years, subject to an evaluation conducted by the board, assisted by the nominations committee.

Directors who have served on the board for a period in excess of nine years retire at every annual general meeting and are re-elected following a review of their independence.

Roles of the chairman and Group president and CEO

The chairman is responsible for the leadership of the board, which involves exercising sound judgement based on knowledge and experience. The chairman also builds the capabilities of other directors by understanding the strengths and weaknesses of the board and aligning them with tasks and goals to optimise performance. The chairman facilitates the deliberation of issues, ensuring that strategic decisions are aligned with the Company’s defined vision, values and objectives.

The Group president and CEO, supported by the executive committee (exco), is responsible for the day-to-day management of the Group and the development, implementation and monitoring of the delivery of the Group’s strategy.

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.

Lead independent director

Although the board has found the chairman to be independent, the lead independent director, Alan van Biljon, is retained to provide guidance to the board should a situation arise where the impartiality of the chairman is impaired or there is a perceived conflict of interest.

Group secretary

The board is assisted by a competent and suitably qualified Group secretary who has over 25 years of company secretarial experience. The Group secretary is not a director of the company and has an arm’s length relationship with the board.

Evaluation of the Group secretary

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?
- Does the Group secretary have the requisite skills, knowledge and experience to provide guidance to the board on good governance?
- Does the Group secretary have an arm’s length relationship with the board?
- Is the Group secretary an eligible person to hold the office of a company secretary?
- Is the Group secretary not a director of the Company?
How we are governed continued
Corporate governance report continued

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 with the board. The board is satisfied that she is suitably qualified to fulfil the role.

Directors engage with the Group secretary for governance and regulatory advice. Other services provided by the Group secretary include monitoring the implementation of board decisions and proper administration of the board and ensuring that sound ethical and governance standards are implemented.

The Group secretary also ensures that the annual calendar of meetings is properly aligned with the business cycle and that the electronic meeting packs are made available to the directors at least seven days before a meeting, thereby ensuring adequate preparation time for meetings.

Delegation of authority

Our governance framework provides for delegation of authority while enabling the board to retain effective control. The board delegates authority to relevant board committees, and the Group president and CEO, with clearly defined mandates and authorities, while not abdicating its accountability. Although the board has entrusted its authority to various key individuals and committees, there are a few matters that are reserved for board deliberation and decision. The Group president and CEO is closely assisted by the Group secretary in monitoring and maintaining the delegation of authority. The delegation of authority is reviewed on an annual basis.

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 for the members of the Company in annual general meetings.

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’s 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, and 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 site visits to the operating subsidiaries, as well as meetings between directors and senior executives of the Company, in order for them to understand fully how the Company operates and to build good work relations between directors and executives.

Independent professional advice

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

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 strategy sessions

In addition to the conventional annual Group strategy session and in an effort to increase the frequency of board and management engagement on strategy and to improve strategic dialogue, a mid-term board strategy review process was held to review strategic initiatives that had been previously approved. The review affords the board an opportunity to reaffirm strategic direction.
Board committees

Board committees facilitate the discharging of board responsibilities by focusing on specific, specialist areas. Each committee operates under an approved terms of reference, which are reviewed annually. The terms of reference for each committee set out its role, responsibilities, scope of authority and composition.

The board is satisfied that the board committees, set out in detail below, are appropriately structured and competent to deal with both the Company’s existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review.

Attendance of scheduled and ad hoc meetings

Over and above the scheduled board and committee meetings, additional ad hoc board meetings were held to address various board initiatives. These meetings are not included in the register of attendance of meetings. The total number held during the year is 9; and they have been accounted for in the fee schedule of the integrated report. Although ad hoc meetings are convened at short notice and directors are not always available to attend, directors always endeavour to attend such meetings.

In-camera meetings

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

Attendance of meetings

<table>
<thead>
<tr>
<th>Directors</th>
<th>Scheduled board meetings</th>
<th>Audit committee</th>
<th>Nominations committee</th>
<th>Remuneration and human resources committee</th>
<th>Risk management, compliance and corporate governance committee</th>
<th>Social and ethics committee</th>
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<tbody>
<tr>
<td>PF Nhleko</td>
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<tr>
<td>MLD Marole</td>
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<tr>
<td>NP Mageza</td>
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<tr>
<td>AT Mikati</td>
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<td>KC Ramon\1</td>
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<tr>
<td>AF van Biljon</td>
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<tr>
<td>J van Rooyen</td>
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<td>RS Dabengwa</td>
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1 Appointed 1 June 2014.
2 By invitation only.
### Audit committee

<table>
<thead>
<tr>
<th>Committee</th>
<th>Terms of reference</th>
<th>Year under review</th>
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</thead>
</table>
| **Audit committee** | **AF van Biljon (chairman)**¹  
KC Ramon (chairman)²  
NP Mageza  
MJN Njeke  
J van Rooyen | 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. | □ Rotation of chairmanship.  
□ 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 in the AFS. |

¹ Withdrawn as a member and chairman on 1 January 2015.  
² Nominated as a member and chairman on 1 January 2015.  
³ Withdrawn as a member and chairman on 4 March 2014.  
⁴ Nominated as chairman on 4 March 2014.

### Risk management, compliance and corporate governance committee

<table>
<thead>
<tr>
<th>Committee</th>
<th>Terms of reference</th>
<th>Year under review</th>
</tr>
</thead>
</table>
| **Risk management, compliance and corporate governance committee** | **J van Rooyen¹ (chairman)  
KP Kalyan  
NP Mageza² (chairman)  
MLD Marole  
MJN Njeke  
JHN Strydom** | Improves the efficiency of the board and assists it in discharging its duties, which include:  
■ 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. | □ Rotation of chairmanship.  
□ Continued to focus on the combined assurance methodology.  
□ Monitored the Company’s risk management framework and internal control systems in order to manage the Company’s material business risks.  
□ Reviewed the strategic, financial and operational risks inherent in operating in telecoms, and assessed management’s responses to these.  
□ Ensured IT governance was given a wider platform on the committee’s agenda, requesting more comprehensive reporting on IT governance risks and monitoring of progress.  
□ Continued to monitor the management of new and emerging risks.  
□ Assisted in monitoring the corporate governance framework, including regulatory and listing requirements and business practices, to maintain and strengthen risk management.  
□ Recommended various governance policies for approval by the board. |

¹ Withdrawn as a member and chairman on 1 January 2015.  
² Nominated as a member and chairman on 1 January 2015.  
³ Withdrawn as a member and chairman on 4 March 2014.  
⁴ Nominated as chairman on 4 March 2014.
## Social and ethics committee

**Chairman:** KP Kalyan  
**Members:** 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.

Details in the social and ethics committee report 50 of the integrated report.

## Remuneration and human resources committee

**Chairman:** A Harper  
**Members:** AT Mikati, PF Nhleko, JHN Strydom, F Titi, J van Rooyen (appointed on 4 March 2014)

The committee oversees the formulation of a remuneration philosophy and human resources strategy to ensure that MTN 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.
- Recommended the advisory note on the remuneration philosophy which was ultimately reviewed and endorsed by shareholders;
- Benchmarked MTN’s remuneration against competitor companies; and
- Recommended the non-executive directors’ fees for endorsement by the board and approval by shareholders.

## Nominations committee

**Chairman:** PF Nhleko  
**Members:** A Harper, AT Mikati, AF van Biljon

The committee nominates board members and senior management. 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) in the appointment and induction of a new director.
- Conducted an independence review on the directors serving the board for a period in excess of nine years.
- Conducted an in-depth independence review on the board chairman.
- Evaluated and recommended the retiring directors and audit committee members for re-election.
- Evaluated by the Group secretary.
- Engaged external service providers for the board evaluation process.

## External advisers

From time to time, the board and its committees make use of external advisers who advise on a variety of matters that require board consideration and approval. In 2014, the board and its committees made use of several advisers.
Our risk management process

Combined assurance methodology

The MTN board understands and takes accountability for all risks that potentially affect the achievement of its strategic priorities and has delegated the responsibility for overseeing the adequacy and effectiveness of risk management to the audit and risk committees.

With the objective of ensuring a more integrated approach to managing risks that threaten the organisation, our business risk management division follows a combined assurance methodology in line with the requirements of King III.

The overview of our combined assurance methodology is set out below:
MTN’s objectives are to instil greater risk awareness throughout the organisation, standardise the approach to risk management and to embed the process into the day-to-day running of the business.

Derived from our combined assurance methodology, MTN has implemented robust risk management frameworks which consist of proactively identifying and understanding the factors and events that may impact the achievement of our strategic and business priorities, then managing them through effective mitigation plans, internal controls and monitoring and reporting processes. This is known as enterprise risk management.

The Group’s business risk management function is responsible for ensuring the existence of an effective policy and framework for risk management and driving the implementation of these throughout the Group.

Business risk management is a support function responsible for the disciplines of enterprise risk management, internal audit and fraud risk management and coordination of combined assurance across the Group. The business risk management function has a staff complement of more than 230, comprising risk, internal audit, fraud risk and forensic specialists across the 22 countries in which we have operations. Of the total, more than two-thirds are internal audit specialists. The internal audit discipline within business risk management is independent of the risk management discipline.

The activities of the business risk management function are guided by a set of policies, frameworks and methodologies which have been approved by the Group audit committee and Group risk management, compliance and corporate governance committee.

**Risk management continued**

- **Risk identification and assessment**: Determining what could go wrong (risk), why (cause) and the consequence (effect) of the event should it arise, and assessing the inherent and residual risk associated.

- **Recording and reporting**: Recording the risk register into the MTN risk management tool and reporting to the appropriate level in line with the risk management delegation of authority.

- **Monitoring and review**: Regular monitoring to ensure effective implementation of agreed mitigation actions.

- **Ongoing risk reassessment**: Ongoing process to ensure new risk issues and/or new events are timeously and adequately captured and addressed.
How we are governed continued

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 guide the operation of our business units, which are primarily responsible and accountable for risk management.

MTN’s objectives are 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

In the year, MTN made significant advances in its business continuity management (BCM) work. The MTN BCM programme establishes a fit-for-purpose strategic and operational framework that:

- Establishes MTN Group executives’ commitment to manage business continuity and resilience across the Group in the event of a disruptive incident;
- Establishes the basic principles and framework necessary to ensure effective response, resumption, recovery and restoration of MTN’s operations and business activities following a disruptive event;
- Establishes the adaptive and proactive measures required to proactively improve MTN’s resilience to disruption and 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 service level within an agreed time after a disruption; and
- Delivers a proven capability to manage disruptions and protect MTN’s reputation and brand.

Through a comprehensive, systematic approach and response to business continuity and recovery, 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 of 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 an unacceptable delay in delivering its products or services.

In 2014, MTN defined a crisis management framework and will implement an organisation-wide programme in 2015.

- Improve awareness of the potential for, and the general nature of, incidents and crises, to enable the organisation to avert crises where possible;
- Develop and implement an organisational capability to deal with abnormal or unstable situations that threaten MTN’s strategic objectives, reputation or viability;
- Improve MTN’s resilience in order to withstand the effects of a crisis and to ensure a timely response to a crisis that does occur;
- Minimise legal and reputational risk;
- Identify useful lessons/experiences in order to develop and improve crisis management practices over time; and
- Ensure synergy with business management processes and business continuity arrangements.

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 the risk management assessment process, improving operational management’s adoption of risk management best practice, and to reducing 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 this cover have been structured to ensure that MTN has adequate cover for its risks and 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.

We have implemented a cell captive structure to support the insurance programme and we continue to build the captive’s capacity for additional risks which may best reside within it.

MTN continues to build its cell captive to take on additional risks. This includes financial lines (fidelity guarantee, professional indemnity, D&O) cover for Iran, Sudan and Syria which are uninsurable due to sanction constraints and/or political violence. We have no political violence cover in place for Syria and Sudan and no political risk cover in place for Syria, Sudan or South Sudan. Other operations that are not covered under this placement are South Africa, Botswana, Cyprus and Swaziland, as risk is perceived as low in these countries. Afghanistan is covered under a Multilateral Investment Guarantee Agency placement and Iran is covered under an Export Credit Insurance Guarantee Agency.

Information and technology governance

MTN acknowledges information and technology as integral strategic assets to the business in delivering a bold new digital world to customers. MTN’s commitment to sound governance is supported by 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.
How we are governed

Risk management

In 2014, the Group information security officer (GISO) and team developed an information security framework and will continue to monitor the roll-out in 2015 of the security framework in line with the deployment plan.

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 cybersecurity and data privacy, are proactively addressed.

Fraud risk management

MTN Group’s fraud risk management strategy continues to evolve to meet the dynamic shifts in international fraud risk trends. Historically, MTN has focused on fraud detection and response; however, greater emphasis is now being placed on proactive fraud prevention strategies. The significant components of MTN’s fraud prevention strategy are the effective integration of fraud risk management within a combined assurance environment, the roll-out of the MTN Group ethics framework and greater organisational fraud awareness.

The highlights of the 2014 proactive fraud risk management strategy included:

- A Group-wide fraud risk awareness campaign aligned with international fraud awareness week, held during November;
- Participation in the National Business Initiative (NBI)/UN Global Compact case study – Mainstreaming Integrity in Business Practice: Company Case Studies on Anti-Corruption in South Africa;
- The development and roll-out of the anti-bribery and corruption training programme;
- The revision and Group-wide launch of the MTN Group whistleblowing and MTN Group anti-fraud and zero tolerance policies; and
- The development and implementation of a comprehensive fraud risk alert framework to ensure appropriate and effective communication of emerging fraud risk trends to all MTN operations.

During 2015, we will focus on the following initiatives:

- The continued roll-out of the MTN Group anti-bribery and corruption policy, including training of employees;
- The revision of the fraud risk universe and effective implementation of fraud risk within the enterprise risk management framework;
- Continuous fraud awareness campaigns and the development of specific fraud detection/prevention training for employees in high-risk fraud areas; and
- The evaluation and implementation, where applicable, of continuous control monitoring to specifically focus on fraud prevention controls.

Fourteen MTN operations have dedicated forensic personnel while the rest of the operations are supported by the local internal audit and enterprise risk management functions or the Group fraud risk management function.

The majority of identified fraud incidents are reported via internal channels as employees prefer to report potential fraud incidents directly to the investigation team. However, MTN continues to provide employees and other relevant stakeholders with access to an anonymous reporting facility, managed by Deloitte.

In 2014, MTN received 260 whistleblowing reports (2013: 687). The main reason for the decrease in fraud reporting is the redirection of customer-specific fraud complaints to dedicated complaints-handling channels, to improve customer service. All whistleblowing reports received are investigated and feedback is provided to the Group audit and risk committee structures to ensure that we maintain independent governance.

MTN Group’s current top fraud risks are:

- Procure-to-pay associated fraud risks;
- Products and services-related fraud risks (including distribution channels);
- Financial services-related fraud risks; and
- Cybercrime and confidential information leakage.

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 systems of internal control and risk management.

MTNs 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 the Group 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 that is approved annually. 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 2014, more than 167 000 hours were spent on internal audit activities. This was lower than anticipated because of cost considerations and restrictions on travel to certain MTN markets.
### Application of the King III Principles: MTN Group Limited

<table>
<thead>
<tr>
<th>1. Ethical leadership and corporate citizenship</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 The board should provide effective leadership based on an ethical foundation</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>1.2 The board should ensure that the Company is and is seen to be a responsible corporate citizen</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>1.3 The board should ensure that the Company's ethics are managed effectively</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>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Boards and directors</th>
<th>Status</th>
<th>Application of the principle by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 The board should act as the focal point for and custodian of corporate governance</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>2.2 The board should appreciate that strategy, risk, performance and sustainability are inseparable</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>2.3 The board should provide effective leadership based on an ethical foundation</td>
<td>Applied</td>
<td>See principle 1.1</td>
</tr>
<tr>
<td>2.4 The board should ensure that the Company is and is seen to be a responsible corporate citizen</td>
<td>Applied</td>
<td>See principle 1.2</td>
</tr>
<tr>
<td>2.5 The board should ensure that the Company’s ethics are managed effectively</td>
<td>Applied</td>
<td>See principle 1.3</td>
</tr>
<tr>
<td>2.6 The board should ensure that the Company has an effective and independent audit committee</td>
<td>Applied</td>
<td>See principle 3.1</td>
</tr>
<tr>
<td>2.7 The board should be responsible for the governance of risk</td>
<td>Applied</td>
<td>See principle 4.1</td>
</tr>
<tr>
<td>2.8 The board should be responsible for information technology (IT) governance.</td>
<td>Applied</td>
<td>See principle 5.1</td>
</tr>
</tbody>
</table>
### How we are governed continued

**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>2.9 The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards</td>
<td>Applied</td>
<td>See principle 6.1</td>
</tr>
<tr>
<td>2.10 The board should ensure that there is an effective risk-based internal audit</td>
<td>Applied</td>
<td>See principle 7.1</td>
</tr>
<tr>
<td>2.11 The board should appreciate that stakeholders’ perceptions affect the Company’s reputation</td>
<td>Applied</td>
<td>See principle 8.1</td>
</tr>
<tr>
<td>2.12 The board should ensure the integrity of the Company’s integrated report</td>
<td>Applied</td>
<td>See principle 9.1</td>
</tr>
<tr>
<td>2.13 The board should report on the effectiveness of the Company’s system of internal controls</td>
<td>Applied</td>
<td>See principle 7.1</td>
</tr>
<tr>
<td>2.14 The board and its directors should act in the best interests of the Company</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 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Act</td>
<td>Not 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 The board should elect a chairman of the board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of chairman of the board</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 has recently been declared independent and the Group has also appointed a lead independent director who provides leadership and advice to the board, when the chairman himself is conflicted.</td>
</tr>
<tr>
<td>2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority</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 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent</td>
<td>Applied</td>
<td>The board comprises 14 directors, of which 10 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 Directors should be appointed through a formal process</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>
### How we are governed

**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>2.20 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>
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<td></td>
<td></td>
<td>Audit committee</td>
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<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 as set out on page 4 of this 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

#### 3.3 The audit committee should be chaired by an independent non-executive director
- **Status:** Partially applied
- **Application of the principle by the Group:** AF van Biljon has been withdrawn as chairman effective 1 January 2015. KC Ramon is the new chairman of the Group audit committee. However, not all of the operations’ audit committees are chaired by independent non-executive directors.

#### 3.4 The audit committee should oversee integrated reporting
- **Status:** Applied
- **Application of the principle by the Group:** The audit committee reviews, contributes to and recommends the integrated report to the board for approval.

#### 3.5 The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities
- **Status:** Applied
- **Application of the principle by the Group:** 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.

#### 3.6 The audit committee should satisfy itself of the expertise, resources and experience of the Company’s finance function
- **Status:** Applied
- **Application of the principle by the Group:** 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.

#### 3.7 The audit committee should be responsible for overseeing of internal audit
- **Status:** Applied
- **Application of the principle by the Group:** The audit committee oversees internal audit and receives regular reports on the status of the Group’s internal audits.

#### 3.8 The audit committee should be an integral component of the risk management process
- **Status:** Applied
- **Application of the principle by the Group:** 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.

#### 3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process
- **Status:** Applied
- **Application of the principle by the Group:** 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.

#### 3.10 The audit committee should report to the board and shareholders on how it has discharged its duties
- **Status:** Applied
- **Application of the principle by the Group:** 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.

#### 4. The governance of risk

#### 4.1 The board should be responsible for the governance of risk
- **Status:** Applied
- **Application of the principle by the Group:** 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
- **Status:** Applied
- **Application of the principle by the Group:** 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
- **Status:** Applied
- **Application of the principle by the Group:** The risk management, compliance and corporate governance committee and the audit committee carry out the risk responsibilities and both committees fulfil this mandate by scheduling regular meetings and an annual workshop to receive feedback from management on performance against the identified risks.
<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>4.4 The board should delegate to management the responsibility to design,</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>implement and monitor the risk management plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5 The board should ensure that risk assessments are performed on a continual</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>basis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.6 The board should ensure that frameworks and methodologies are implemented to</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>increase the probability of anticipating unpredictable risks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.7 The board should ensure that management considers and implements appropriate</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>risk responses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.8 The board should ensure continual risk monitoring by management</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 The board should receive assurance regarding the effectiveness of the risk</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>management process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.10 The board should ensure that there are processes in place enabling complete,</td>
<td>Applied</td>
<td>A detailed risk report is contained in the integrated report.</td>
</tr>
<tr>
<td>timely, accurate and accessible risk disclosure to stakeholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The governance of information technology</td>
<td></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. The risk management, compliance and corporate governance committee is responsible for the oversight of IT Governance.</td>
</tr>
<tr>
<td>5.1 The board should be responsible for information technology (IT) governance</td>
<td>Applied</td>
<td></td>
</tr>
<tr>
<td>5.2 IT should be aligned with the performance and sustainability objectives of the</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>Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.3 The board should delegate to management the responsibility for the</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>implementation of an IT governance framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4 The board should monitor and evaluate significant IT investments and</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>expenditure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### How we are governed

**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><strong>5.5</strong> IT should form an integral part of the Company’s risk management</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>
<tr>
<td><strong>5.6</strong> The board should ensure that information assets are managed effectively</td>
<td>Partially applied</td>
<td>Information security and management is an essential component of the Group’s core business, particularly with the promulgation of the Protection of Personal Information Act. Formal processes are being implemented to improve the management of the Group IT and network assets.</td>
</tr>
<tr>
<td><strong>5.7</strong> A risk committee and audit committee should assist the board in carrying out its IT responsibilities</td>
<td>Applied</td>
<td>IT risk is a standing item on the risk management, compliance and corporate governance committee. This committee ensures that the Company IT risks are monitored and adequately mitigated. Regular feedback is provided to the board.</td>
</tr>
<tr>
<td><strong>6.</strong> Compliance with laws, rules, codes and standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6.1</strong> The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards</td>
<td>Applied</td>
<td>Although the Group does not have a dedicated compliance function, each department is responsible for ensuring compliance with their own requirements. Risk management compliance plays a primary role in co-ordinating compliance and ensuring that the Group complies with the prevailing legislation, codes and standards. Group legal has also embarked on an initiative to co-ordinate the monitoring of compliance throughout the Group.</td>
</tr>
<tr>
<td><strong>6.2</strong> 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>Applied</td>
<td>The board is regularly informed of changes in applicable laws and regulations by Group Company Secretarial with the assistance of external advisers.</td>
</tr>
<tr>
<td><strong>6.3</strong> Compliance risk should form an integrated part of the Company’s risk management process</td>
<td>Partially applied</td>
<td>Compliance risk does not form part of the combined assurance model; however, it is addressed and managed as part of the risk management process throughout the Group. The process of establishing a dedicated compliance function is still in progress.</td>
</tr>
<tr>
<td><strong>6.4</strong> The board should delegate to management the implementation of an effective compliance framework and processes</td>
<td>Partially applied</td>
<td>See principle 6.1.</td>
</tr>
<tr>
<td><strong>7.</strong> Internal audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7.1</strong> The board should ensure that there is an effective risk-based internal audit</td>
<td>Applied</td>
<td>Internal audit’s main focus is to ensure that there are adequate systems of internal control in order to manage and mitigate significant risks that could potentially affect the performance of the Group.</td>
</tr>
<tr>
<td><strong>7.2</strong> Internal audit should follow a risk-based approach to its plan</td>
<td>Applied</td>
<td>The Group’s internal audit plans are risk based. Risks are determined by the type of risk, which allows for a more controlled approach to managing risk levels.</td>
</tr>
<tr>
<td><strong>7.3</strong> 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>
<td>A written assessment of the effectiveness of the system of internal control is provided by internal audit. A statement on the status of the Group’s internal controls is contained in the audit committee report and the directors’ report in this integrated report.</td>
</tr>
<tr>
<td><strong>7.4</strong> The audit committee should be responsible for overseeing internal audit</td>
<td>Applied</td>
<td>The audit committee is responsible for and oversees internal audit and receives regular reports on progress throughout the Group.</td>
</tr>
</tbody>
</table>
## How we are governed

### 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>7.5 Internal audit should be strategically positioned to achieve its objectives</td>
<td>Internal audit is strategically positioned to achieve its objectives and reports directly to the audit committee and functionally to the Group president and CEO</td>
<td></td>
</tr>
<tr>
<td>8. Governing stakeholder relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1 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>8.2 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>8.3 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>8.4 Companies should ensure the equitable treatment of shareholders</td>
<td>Applied</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>8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence</td>
<td>Applied</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>8.6 The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible</td>
<td>Applied</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>
<tr>
<td>9. Integrated reporting and disclosure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.1 The board should ensure the integrity of the Company’s integrated report</td>
<td>Applied</td>
<td>The board reviews, contributes and approves the content of the integrated report.</td>
</tr>
<tr>
<td>9.2 Sustainability reporting and disclosure should be integrated with the Company’s financial reporting</td>
<td>Applied</td>
<td>The Group reports on sustainability and includes such in the integrated report.</td>
</tr>
<tr>
<td>9.3 Sustainability reporting and disclosure should be independently assured</td>
<td>Partially applied</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 committee composition and terms of engagement

The committee is constituted as a statutory committee of the Company in respect of its statutory duties 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. The committee, despite being a statutory committee, is constituted by the board and fulfils the required functions on behalf of all subsidiaries. The board has delegated oversight of MTN’s ethics management to the social and ethics committee through which the board holds the CEO accountable for MTN’s ethics performance.

Terms of reference

During 2014, the committee revised its terms of reference to remove overlaps and duplications in the role of the committee and other committees. The committee and the board adopted the revised terms of reference, which are on page 12 of the Group’s corporate governance report.

Committee members and their attendance at meetings

The composition of the committee and the attendance by members is set out below:

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>KP Kalyan (chairman)</td>
<td>4/4</td>
</tr>
<tr>
<td>NP Mageza</td>
<td>4/4</td>
</tr>
<tr>
<td>MLD Marole</td>
<td>4/4</td>
</tr>
<tr>
<td>J van Rooyen</td>
<td>4/4</td>
</tr>
</tbody>
</table>

The remuneration of members for 2014 is on page 66 of the remuneration report and the proposed fees for 2015 are disclosed in the notice to the annual general meeting.

Role of the social and ethics committee and execution of its mandate

The committee performs an oversight and monitoring role in partnership with the risk management, compliance and corporate governance committee 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 which guide the Company’s approach to new and emerging challenges.

The committee is responsible for:
- Oversight of the management of MTN’s ethics;
- 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;
- Contributing to the development of the communities in which the Group’s activities are predominantly conducted or within which its products or services are predominantly marketed;
- Consumer relations;
- Ethics and values; and
- Labour and employment.

Ethics management strategy implementation

Being a listed company, MTN Group upholds the principles of ethical leadership and corporate citizenship as outlined in Chapter 1 of the Third King 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 MTN’s ethics was delegated to the social and ethics committee by the board. 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 conducted within the organisation’s ethics management framework.

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.

MTN has embarked on a long-term sustainable ethics management intervention (MTN-EMI) under which MTN’s first independent ethics risk assessment was completed during the year under review. From the risk assessment emerged MTN Group’s ethics risk profile which formed the basis for MTN’s ethics strategy, designed to address MTN’s most critical ethics risks. It does so essentially through galvanising the company’s ethics governance and management capabilities and the leadership commitment required to embed and sustain ethics across all opcos.

MTN’s ethics strategy necessitated the mobilisation of opcos to ensure that the strategy impacts the Group of companies to bring about a corporate culture with a distinct ethics identity. MTN’s ethics strategy comprises 43 interventions designed to develop and strengthen:

1. Leadership commitment
2. Governance structures
3. Ethics management (comprising ethics risk assessment; ethics strategy development; code and ethics policy development; and institutionalisation)
4. Monitoring and Internal reporting
5. Independent assessment and external reporting

Progress on the ethics strategy implementation has demanded extensive collaboration and the development and exercising of new ethics management capabilities across the Group.
Opco progress on utilising seven key enablers towards an ethical culture

The Group office has socialised the following critical enablers with in-country ethics champions, who are expected to embed these enablers within their opco contexts. The general status of embeddedness across opcos is reflected below:

<table>
<thead>
<tr>
<th>Six Key Enablers</th>
<th>Strategic significance of this enabler</th>
<th>Status</th>
</tr>
</thead>
</table>
| Ethics governance and management framework | • States the strategic goal of establishing an ethics identity within MTN’s organisational culture.  
  • Directs actions to be prioritised to attain the goal.                                           | Embedded and being used in all opcos                                    |
| Ethics governance and management structures| • Enables MTN to honour its ethics accountability to its shareholders and to political, economic and civil society through dedicated structures that are willing, able and allowed to fulfil their respective roles. | Embedding in progress in most opcos                                    |
| Ethics standards                          | • Enlightening all MTNers on the standards for ethics and ethical conduct that apply to the Group of companies as a whole and to its individual members. | Requires attention across all opcos                                    |
| Social and ethics statement                |                                                                                                        |                               |
| Code of ethics                            |                                                                                                        |                               |
| Supporting policies                       |                                                                                                        |                               |
| Opco ethics champions charter              | • Ethics champions commit to a charter they had co-created to express their aspirations for their role as ethics champions, keeping them focused on and committed to the same undertaking across the Group. |                               |
| Ethics management capability               | • Enabling MTN to deploy ethics management capability as a key means to ensure the mitigation of ethics risks that hold grave reputational implications for the organisation. |                               |
| Employee conduct pledge                   | • Clarifies for employees that ethical conduct results from an inherent values-based resolve; signing the pledge allows employees to disclose their personal decision to the company. An ethical organisational culture is grounded in such inherent resolve rather than in rules and policies. |                               |

While progress across opcos is evident in terms of select elements of the ethics programme, special attention was needed to embed ethics management in opcos. To this end, an ethics management toolkit was issued in December 2014. Available in French, Farsi, Portuguese and English, the ethics toolkit is strengthening MTN’s in-country ethics governance and management capability.
How we are governed continued

Social and ethics report continued

Progress in 2014 on elements of the ethics management framework

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 completed MTN Group’s first independent comprehensive ethics risk assessment, ethics risk profile and ethics risk mitigating strategy.

The committee commissioned several initiatives to mitigate the risks associated with bribery and corruption in the workplace. The following priority ethics and compliance policies were developed in the period under review to ensure crucial aspects of ethics are governed and managed appropriately and with effect:
- adoption of the whistleblowing policy
- adoption of the anti-fraud and zero tolerance policy

An online register for the declaration of conflicts of interest and an online gifts register represent two significant means of aiding policy implementation across the Group.

All new employee contracts across the Group now include the employee conduct pledge, while existing employees continue with the voluntary endorsement of the pledge.

The committee has, in fulfilling its mandate, continued to ensure collaboration between its own activities and those of other board committees and operational structures such as the board’s risk and compliance committee.

An ethics officer capability has been established through the certification and registration of MTN Group’s first ethics officers with the Ethics Institute of South Africa. Five MTN ethics officers successfully completed the Ethics Officer Certification Programme (EOCP) through the University of Stellenbosch’s business school.

Opco board audit and risk committees’ terms of reference have been expanded to ensure that opco ethics management is effective, following a strategy informed by the negative and positive risks the opco faces. In-country audit and risk committees further ensure that:
- the opco board, employees and supply chains are familiar with and adhere to the company’s ethical standards;
- the opco’s ethics performance is reported on against agreed measures;
- ethics is included in the scope of internal audit;
- ethics is embedded in the opco; and
- opco ethics performance is reported on to the Group social and ethics committee.

- Implementing Group-wide metrics to measure ethics programme success.
- Piloting of the MTN Shine global recognition programme which integrates ethical and other vital behaviours into its recognition categories.
- Launch of a comprehensive ethics management toolkit to further enable opcos in driving an ethical culture.
- The MTN Group of companies held a five-day fraud awareness campaign from 17 to 21 November 2014 coinciding with International Fraud Awareness Week.
- Launch of the Group-wide Keep it ethical communications campaign.
- Utilisation of multiple internal communication channels to educate staff on a range of ethics issues, e.g. new policies, ethical decision-making, and online learning dealing with ethics in the workplace. Communication channels used to date include Y’ello Magazine, MTN TalkTime and Y’ello Buzz.
- The MTN Group board was trained in 2013. Select e-learning offerings are now mandatory for the following groups:
  - general staff
  - line managers
  - functional heads
  - audit divisions
  - ethics champions
  - ethics task teams
  - in-country audit and risk committees
- Shared learning is facilitated by showcasing exceptional ethics management practices across MTN opcos.
- The committee secured independent confirmation on implementation progress against MTN’s ethics strategy.
- MTN anti-corruption case study included in the National Business Initiative’s publication Mainstreaming Integrity in Business Practice.
### Strategic themes, objectives and initiatives

<table>
<thead>
<tr>
<th>Strategic theme</th>
<th>Group objective</th>
<th>Short to medium term initiatives</th>
<th>2014 progress</th>
<th>2015 priorities</th>
</tr>
</thead>
</table>
| Creating and managing stakeholder value | Instilling governance and values | - Implementation of policies and assurance: anti-bribery, fraud and corruption policies | - Policies and frameworks implemented:  
  - adoption of the whistleblowing policy  
  - adoption of the anti-fraud and zero tolerance policy  
  - MTN anti-corruption case study included in the National Business Initiative’s publication Mainstreaming Integrity in Business Practice  
  - Continued review and revision of ethics and compliance priority policies  
  - Continued implementation of MTN ethics risk management strategy based on ethics risk profile  
  - Development and implementation of the human rights toolkit to support human rights policy implementation across the Group  
  - Ethics officer certification for ethics task teams of MTNSA and MTN Nigeria  
  - Training of Group and opco audit divisions on auditing management of ethics  
  - Continuance of the Group-wide ethics communications campaign  
  - Socialising the Ethics Institute of South Africa’s Ethics Reporting Handbook (Guidelines for Ethics Officers and Internal Auditors) with ethics role-players across the Group  
  - Independent ethics risk assessments to commence in MTNSA and MTN Nigeria in Q1 2015  
  - Issuing, roll-out and education of opco ethics role-players on the MTN Group ethics toolkit  
  - Preparation for measuring and reporting on ethics and integrity in accordance with the GRI (G4) requirements (active from December 2015) | - Focus on effective ethics management – setting standards  
- Ethics risk assessment conducted at MTN Group  
- Internal ethics reporting instituted  
- Select e-learning offerings are mandatory |
Independent assurance report to the directors of MTN Group Limited

We have been engaged by the directors of MTN Group Limited (MTN) to perform an independent assurance engagement in respect of selected identified sustainable development information included in MTN’s integrated annual report for the year ended 31 December 2014 (the report). This report is produced in accordance with the terms of our contract with MTN dated 14 November 2014.

Independence and expertise

We have complied with the International Federation of Accountants’ Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a team of environmental and assurance specialists with experience in sustainability reporting.

Scope and subject matter

The subject matter of our engagement is the Group level data unless otherwise indicated, and the related level of assurance that we are required to provide is as follows:

Limited assurance

The following identified sustainable development information in the report presented on the inside back cover was selected for an expression of limited assurance:

1. Quality of service in MTN South Africa, Nigeria and Ghana operating companies (opcos) measured by:
   - network availability – %
   - call setup success rate – %
   - dropped call rate – %

2. MTN Foundation spend – ZAR.

3. Employee culture survey result – overall performance %.

4. MTN Fraud Management Framework implementation – percentage of operating companies (opcos) that have fully implemented selected proactive and reactive fraud risk reporting items in their audit committee packs during the course of the 2014 reporting period.

5. MTN whistle-blower hotline data – number of fraud-related incidents reported.


8. Carbon emissions in MTN Nigeria – Scope 1 and 2 in tCO₂e.

9. Net Promoter Score for South Africa, Nigeria, large opco cluster and small opco cluster – %.

We refer to this information as the “subject matter selected for limited assurance”.

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the subject matter selected for limited assurance.

Respective responsibilities of the directors and PricewaterhouseCoopers Inc.

MTN’s directors are responsible for the selection, preparation and presentation of the subject matter selected for limited assurance in accordance with MTN’s internally defined procedures set out on MTN’s website https://www.mtn.com/Investors/FinancialReporting/Pages/IntegratedReports.aspx, and for the development of the reporting criteria. The directors are also responsible for designing, implementing and maintaining internal controls as the directors determine is necessary to enable the preparation of the selected identified sustainable development information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the subject matter selected for limited assurance is not stated, in all material respects, in accordance with the reporting criteria.

This report, including the conclusions, has been prepared solely for the directors of MTN as a body, to assist the directors in reporting on MTN’s sustainable development performance and activities. We permit the disclosure of this report within the report for the year ended 31 December 2014, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and MTN for our work or this report, save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial
Information (ISAE 3000), and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410: Assurance Engagements on Greenhouse Gas Statements (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the selected identified sustainable development information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the subject matter selected for limited assurance. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the subject matter selected for limited assurance. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the subject matter selected for limited assurance.

Our procedures relating to the subject matter selected for limited assurance primarily comprised:

- reviewing the processes that MTN has in place for determining the subject matter selected for limited assurance included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report the subject matter selected for limited assurance;
- conducting interviews with management at corporate head office;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing key controls testing and testing the accuracy of data reported on a sample basis at two opcos material to Group reported data for the subject matter selected for limited assurance; and
- reviewing the consistency between the subject matter selected for limited assurance and related statements in MTN’s report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the subject matter selected for limited assurance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company’s preparation of the subject matter selected for limited assurance in order to design procedures that are appropriate in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

**Inherent limitations**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the report in the context of the reporting criteria.

In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

**Conclusions**

Based on the results of our procedures nothing has come to our attention that causes us to believe that the subject matter selected for limited assurance for the year ended 31 December 2014, has not been prepared, in all material respects, in accordance with the reporting criteria.

**Other matter**

The maintenance and integrity of MTN’s website is the responsibility of MTN’s management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the report or our independent assurance report that may have occurred since the initial date of presentation on the MTN website.

**PricewaterhouseCoopers Inc.**

**Director: Jayne Mammatt**

**Registered auditor**

Johannesburg

9 March 2015