

Who is responsible

The board 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.

Profiles of our board of directors

- 1. PF Nhleko (55)**
 Executive chairman[^]
 BSc (Civil Eng), MBA
 Appointed: 28 May 2013
Board committee membership: Chairman: Nominations committee; member: remuneration and human resources committee.
Other directorships: Chairman of various companies in MTN Group, chairman of Pembani Group (Pty) Limited, director of BP Plc, Anglo American Plc, Afrisam (South Africa) (Pty) Limited, Opiconsivia Investments 230 (Pty) Limited.
Skills, expertise and experience: Strategic leadership and finance.
- 2. BD Goschen (51)**
 Executive director, Group chief financial officer
 BCom, BCompt (Hons), CA(SA)
 Appointed: 22 July 2013
Board committee membership: Various board committee meetings by invitation.
Other directorships: Director of various companies in MTN Group.
Skills, expertise and experience: Accounting, finance and operations.
- 3. A Harper (59) (British)**
 Independent non-executive director
 BA (Hons)
 Appointed: 1 January 2010
Board committee membership: Chairman: Remuneration and human resources committee; member: nominations committee.
Other directorships: Director of various companies in MTN Group, Azuri Technologies Limited and Gigabit Fibre Limited.
Skills, expertise and experience: General business and telecommunications.
- 4. KP Kalyan (61)**
 Independent non-executive director
 BCom (Law) (Hons) Economics, Senior Executive Management Programme (London Business School)
 Appointed: 13 June 2006
Board committee membership: Chairman: Social and ethics committee; member: risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group, non-executive chairman of Edgo Merap, director of AOS Orwell Energy, Aker Solutions, Anglo American South Africa and Petmin Mining, member of the Thabo Mbeki Foundation Advisory Council and President Faure Gnassingbe Advisory Investment Council.
Skills, expertise and experience: Economics and the energy sector.
- 5. S Kheradpir (55) (American)**
 Independent non-executive director
 Bachelors, Masters and Doctorate in Electrical Engineering
 Appointed: 8 July 2015
Board committee membership: Member: Risk management, compliance and corporate governance committee.
Other directorships: Director of various companies in MTN Group and Coriant International Group.
Skills, expertise and experience: Business leadership and business operations, engineering and information technology.
- 6. NP Mageza (61)**
 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.
- 7. MLD Marole (56)**
 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; social and ethics committee.
Other directorships: Director of various companies in MTN Group, Richards Bay Mining (Pty) Limited, Santam Limited, The South African Post Office and the Development Bank of Southern Africa.
Skills, expertise and experience: Financial services.
- 8. AT Mikati (43) (Lebanese)**
 Non-executive director
 BSc
 Appointed: 18 July 2006
Board committee membership: Member: Nominations committee; remuneration and human resources committee.
Other directorships: Director of Orascom Construction Limited, Director of various companies in 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: General business and telecommunications.

[^] Effective 9 November 2015.

**9. MJN Njeke (57)**

Independent non-executive director
BCom, BCompt (Hons), CA(SA),
H Dip Tax Law

Appointed: 13 June 2006

Board committee membership:

Member: Audit committee; risk management, compliance and corporate governance committee.

Other directorships: Director of various companies in MTN Group, chairman of MMI Holdings Limited, Resilient Property Income Fund, Adcorp Holdings Limited, Silver Unicorn Coal and Mineral (Pty) Limited, Serengethi Properties (Pty) Limited, Sameh Properties (Pty) Limited and Sasol Limited.

Skills, expertise and experience:
General finance and tax.

10. KC Ramon (48)

Independent non-executive director
BCompt, BCompt (Hons), CA(SA),
Senior Executive Programme

Appointed: 1 June 2014

Board committee membership:
Chairman: Audit committee.

Other directorships: Director of various companies in MTN Group, AngloGold Ashanti Limited, Lafarge and deputy chair of the Financial Reporting Standards Council of South Africa.

Skills, expertise and experience:
Accounting, finance and general management.

11. JHN Strydom (77)

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 MTN Group and director and deputy chairman of Afrisam Group (Pty) Limited and Afrisam South Africa (Pty) Limited.

Skills, expertise and experience:
General business, accounting and taxation.

12. AF van Biljon (68)

Lead independent non-executive director
BCom, CA(SA), MBA

Appointed: 1 November 2002

Board committee membership:
Member: Nominations committee.

Other directorships: Director of various companies in MTN Group, chairman and trustee of Standard Bank Group Retirement Fund.

Skills, expertise and experience:
General business, accounting and finance.

13. J van Rooyen (66)

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 MTN Group, various companies in the Uranus Group, Pick n Pay Stores Limited, Pick n Pay Holdings Limited, Exxaro Resources Limited.

Skills, expertise and experience:
Accounting and finance.

RS Dabengwa (58)^{^^}

Executive director, Group president and CEO

BSc (Eng), MBA

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

Resigned: 9 November 2015

Board committee membership:

Chairman: Attended various board committee meetings by invitation.

F Titi (53)^{^^}

Independent non-executive director

BSc Hons (Mathematics),
MA (Mathematics), MBA

Appointed: 1 July 2012

Resigned: 31 December 2015

Board committee membership:

Member: Remuneration and human resources committee.

[^] Effective 9 November 2015.

^{^^} Profiles for these directors are set out in the detailed governance report .

Who is responsible *continued*



Profiles of our executive committee

1. PF Nhleko (55)

Executive chairman
BSc (Civil Eng), MBA

Board committee membership:
Member of various committees in MTN Group.

Other directorships: Chairman of various companies in MTN Group, chairman of Pembani Group (Pty) Limited, director of BP Plc, director of Anglo American Plc, Afrisam (South Africa) (Pty) Limited and Blue Falcon 179 Trading (Pty) Limited.

Skills, expertise and experience:
Phuthuma was appointed MTN executive chairman in November 2015. Prior to this appointment he served as non-executive director and chairman since 2013. He previously served as a non-executive director and chairman of MTN from July 2001 until June 2002 and thereafter as an executive director as well as Group president

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 its implementation in line with the board's mandate. It meets at least monthly, and more often as required.

and CEO until March 2011. He began his career as a civil engineer in the US and as a project manager for infrastructure developments in southern Africa. Following this he became a senior executive of the Standard Corporate and Merchant Bank in South Africa. He later held a succession of directorships

before joining MTN Group and was formerly a director of a number of listed South African companies, including Johnnic Holdings, Nedbank Group, Bidvest Group and Alexander Forbes.

2. JA Desai (59)

Group chief operating officer
BA (Hons) BCom

Board committee membership:
Member of various committees in MTN Group.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience:
Jyoti started her career at The Standard Bank of SA Limited. She moved to Telkom SA in an executive position before joining MTN Nigeria as chief information officer. She moved to Iran in 2005 to start-up the Iran operation as COO of MTN Irancell, then was Group chief technology and information officer, before taking up her current role.

Who is responsible *continued*

3. M Fleischer (55)

MTN Group chief legal counsel

Bachelor Procurement IS, Advanced Tax Certificate, admitted as attorney of the High Court of South Africa

Board committee membership: Member of various committees in MTN Group.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Michael joined MTN in 2014, from Gold Fields Limited, where he was Executive vice president: General Counsel from 2006. Prior to that he was a partner at the law firm Webber Wentzel Bowens. Michael has significant experience in the fields of mergers and acquisitions, regulation and compliance and commercial transactions.

4. BD Goschen (51)

Executive director: Group chief financial officer

BCom, BCompt (Hons), CA(SA)

Board committee membership: Member of various committees in MTN Group.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Brett was appointed MTN Group chief financial officer in 2013. He is a qualified chartered accountant, specialising in turning challenging emerging market environments into successes. Brett has been with MTN for more than a decade, first as CFO of MTN Nigeria, then as CEO of MTN Ghana and most recently CEO of MTN Nigeria. Prior to joining MTN in 2002, Brett was the managing director of Altech Autopage Cellular.

5. I Jaroudi (45)

Group vice president for the Middle East and North Africa (MENA)

BA, Executive Education Certificate

Board committee membership: Director of various companies in MTN Group.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Telecommunications.

Ismail was CEO of MTN Syria from 2006 until his appointment as Group vice president for MENA. Prior to this, he held senior operational roles for Investcom's subsidiaries across the Middle East and North Africa.

6. F Moolman (52)

CEO: MTN Nigeria

BCom, BCompt (Hons), Theory of Accounting Diploma, CA(SA)

Board committee membership: N/A

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Accounting and finance.

Ferdi joined MTN Nigeria in 2003 as the general manager financial operations. Ferdi was previously COO at MTN Irancell and most recently CFO at MTN Nigeria.

7. PD Norman (50)

Group chief human resources and corporate affairs officer

MA (Psych)

Board committee membership: Member of various committees in MTN Group.

Other directorships: Director of various companies in MTN Group and trustee of the Chartered Accountants Medical Aid Fund.

Skills, expertise and experience: Paul has been an executive at MTN since 1997. He has spent 20 years in the field of human resources and has worked extensively in the transport and telecommunications industries.

8. M Nyati (51)

Chief executive officer - MTN South Africa

BSc (Mech Eng), Yale University World Fellow

Board committee membership: Member of various committees in MTN Group.

Other directorships: Director on various companies in MTN Group.

Skills, expertise and experience:

Mteto joined MTN from Microsoft, where he was general manager for the Middle East and Africa (MEA) emerging regions. Prior to that, he was the managing director of Microsoft South Africa for six years. Mteto also spent 12 years at IBM, where he held a number of senior executive roles.

9. K Toriola (43)

Group vice president West and Central Africa (WECA)

BSc in Electronic and Electrical Engineering, MSc in Communication Systems

Board committee membership: MTN Nigeria Communications Limited, MTN Congo Limited, Areeba Guinea S.A, MTN Cameroon Limited, Lonestar Communications Corporation, Spacetel Guinea-Bissau S.A, MTN Cote d'Ivoire S.A, Scancom Limited, Spacetel Benin S.A.

Other directorships: Director of various companies in MTN Group.

Skills, expertise and experience: Electronic and electrical engineering.

Karl has been with MTN for 10 years, having held senior operational roles at MTN Group and MTN Iran. He was formerly the chief technology officer at MTN Nigeria and CEO at MTN Cameroon.

Who is responsible *continued*

Changes in the executive committee in 2015

A Farroukh (54)
(Canadian and Lebanese)
CEO: MTN South Africa
MBA, CPA
Executive since 2011
Resigned in 2015

KW Pienaar (58)
Group chief strategy, mergers
and acquisition officer
BSc (Eng)
Executive since 2001
Resigned in 2015

M Ikpoki (47)
(Nigerian)
CEO: MTN Nigeria
LLB, BL
Executive since 2013
Resigned in 2015

PC Verkade (50)
(Dutch)
Group chief commercial officer
BMarketing
Executive since 2013
Resigned in 2015

RS Dabengwa (58)
Group president and
chief executive officer
BSc (Eng), MBA
Executive since 1999
Resigned in 2015

S Fakie (62)
Group chief business risk officer
BCom, BCompt (Hons), CA(SA)
Executive since 2007
Resigned in 2015

Z Bulbulia (47)
Group chief operations executive
BCom, BCompt (Hons), CA(SA)
Executive since 2013
Resigned in 2015

S Sooklal (60)*
Group chief business risk officer
BCom, BCompt (Hons), CA(SA)
Executive since 2015

Herman Singh (56)*
Group chief digital officer
BSc (Eng), Yale World Fellow
Executive since 2015

Albert Fernandez (48)*
(Spanish)
Group chief consumer officer
BMarketing
Executive since 2015

* Withdrawn from exco as a result of the Group-wide restructure.

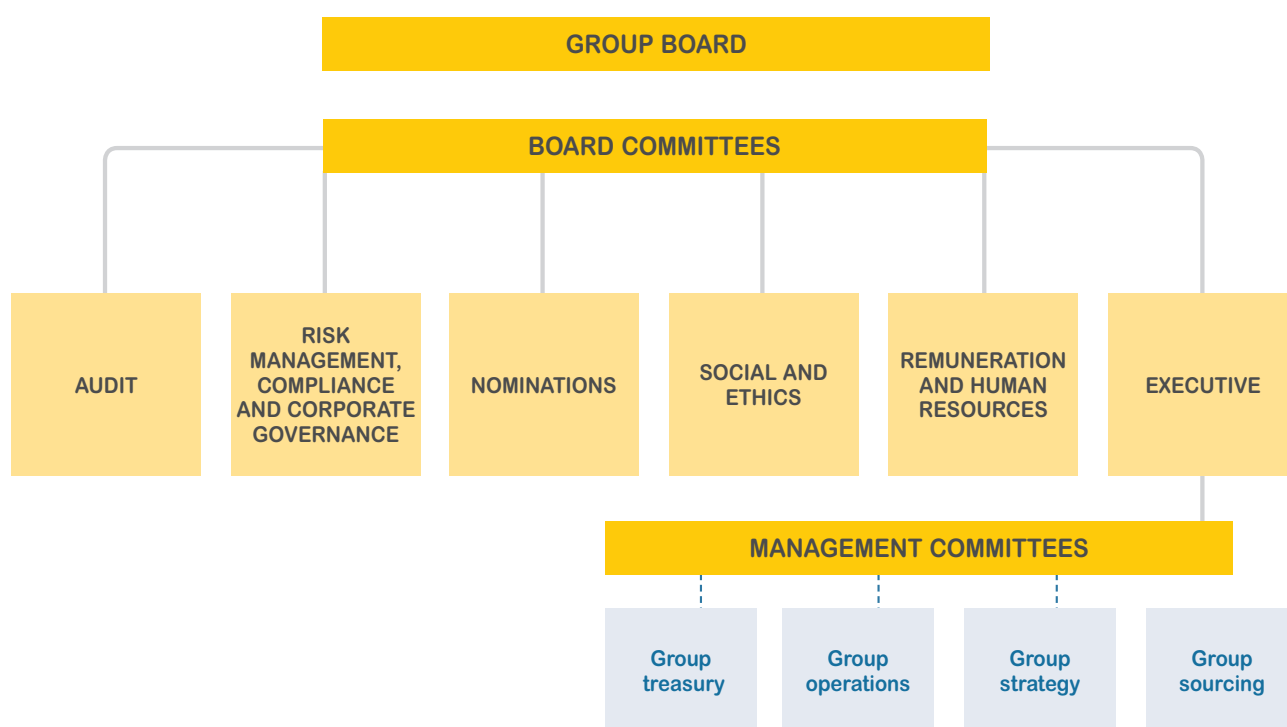
How we are governed *continued*

Summarised corporate governance report

Our governance – an introduction

A solid governance framework is essential for the Company to perform optimally, given the external environment in which it operates. Good corporate governance ensures that the Company is sustainable and delivers on its corporate obligations and legislative requirements.

During 2015, the Group continued to evolve its governance structures and practices to make sure that we achieve our vision to deliver a bold new Digital World to our customers effectively, efficiently and transparently. We reviewed our governance framework to reflect changes in our strategic priorities, structural alignment and international best practice.



Our seven pillars of governance

Our governance framework

Our framework is made up of seven pillars, as illustrated in this diagram. The pillars correspond with the chapters of the King III Report. These pillars are supported by standard principles, policies, structures and practices which are cascaded down to all our operating subsidiaries.

Application of the King III principles

The application of and adherence to the King III principles continue to be a key focus. In 2015 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 75 King III principles, please refer to page 16 of this report.



How we are governed *continued*

Summarised corporate governance report *continued*

Board appointments and resignations

The Company acknowledges that an effective board must have the expertise and competence to promptly and appropriately address current and emerging issues to ensure the delivery of the Company's strategic objectives. Accordingly, the board endeavours to attract and appoint members who have relevant academic qualifications, technical expertise and industry knowledge and who will enhance diversity on the board.

During 2015, S Kheradpir was appointed as a director. His appointment, effective 8 July 2015, was conducted through a formal and transparent process in line with the policy on the appointment of directors and recommended by the nominations committee (B 44). The board will also focus on filling the current vacancies on the board.

RS Dabengwa and F Titi resigned as directors on 9 November and 31 December 2015, respectively.

Board evaluation

The nominations committee, with the assistance of the Group secretary, is responsible for assessing the performance and effectiveness of the board, its committees and individual directors. In line with this practice, in 2015 an external board evaluation was conducted by Heidrick and Struggles. Heidrick and Struggles has recently presented the evaluation, which is currently being considered by the board.

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 and objectivity in carrying out their duties. Several directors will be retiring as a

result of having served on the board for an aggregate period in excess of nine years.

Succession planning

The board, through the nominations committee, performs a comprehensive assessment of the skills set of the current board of directors. This facilitates board succession planning and ensures that the board has the requisite skills for transitioning into the years ahead. In 2016, the Company will undertake the process of evolving the composition of the board.

Diversity and composition of the board

The Company acknowledges that diversity gives the board the benefit of different perspectives and ideas. The Group has a unitary board, consisting of executive and non-executive directors who represent a broad spectrum of demographic attributes and characteristics. To promote objectivity and reduce the possibility of conflict of interests, the majority of directors are independent non-executive directors. The competence and views of individual directors, as well as their interaction during board meetings, allows strategic oversight. Since gender is one of attributes that contribute to a balanced composition of the boardroom, the board is focused on improving the representation of women on the board and introducing new skill sets to achieve the board's objectives.

Board diversity (as at date of report)

Board independence



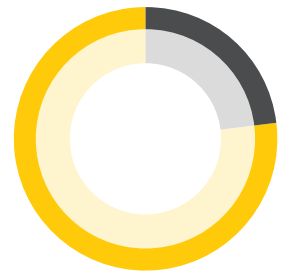
- Independent directors 9
- Executives 2
- Non-executives 2

Nationalities



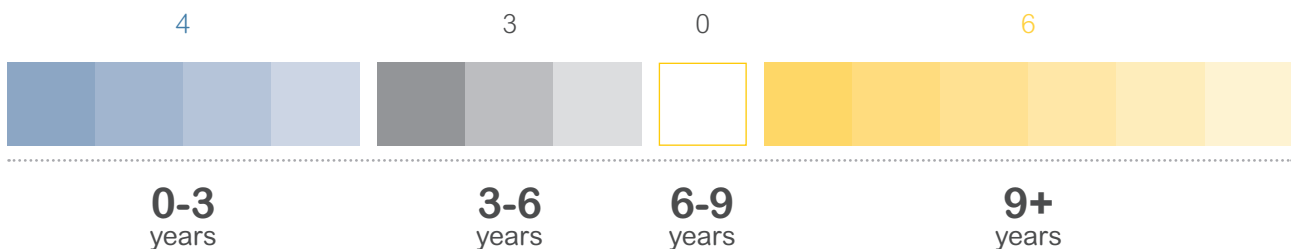
- Black South Africans 7
- White South Africans 3
- Non-South Africans 3

Gender representation



- Women 3
- Men 10

Length of tenure of directors



Board charter

The board charter is vital to the Company's governance framework, and:

- provides the legal framework within which the board operates;
- outlines the policies that the board has agreed upon to meet its responsibilities;
- assists the Company's leadership in delivering good governance;
- allows communication of the board's expectations to management; and
- serves as an induction tool for new directors.

Board committees

The board has delegated its authority to various board committees with the mandate to deal with governance issues and report to the board on their activities on a quarterly basis.

Each committee operates under terms of reference which set out roles and responsibilities, composition and scope of authority. These are reviewed on an annual basis.

During the year under review, each committee had a number of key duties and responsibilities and the board is satisfied that the committees effectively discharged their responsibilities, in accordance with their respective terms of reference.

How we are governed *continued*

Summarised corporate governance report *continued*

Board committees' activities

Committees	Terms of reference	Key duties in 2015	Targets
Audit KC Ramon (chairman) NP Mageza MJN Njeke J van Rooyen	The audit committee assists the board in discharging its duties relating to: • safeguarding the assets of the Group; and • monitoring the operations, financial systems and control processes including internal financial controls and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.	• Safeguarded the assets of the Group. • Performed monitoring and oversight over financial systems and controls. • Ensured the preparation of financial statements. • Reviewed and was satisfied with the competence and performance of the Group chief financial officer and the finance function. • Reviewed the independence and objectivity of the joint external auditors. • Reviewed the competence and performance of the Group chief business risk officer.	• More information on the audit committee is set out in the audit committee report in  AFS.
Group risk management, compliance and corporate governance committee NP Mageza (chairman) KP Kalyan S Kheradpir (appointed 4 August 2015) MLD Marole MJN Njeke JHN Strydom	The risk management, compliance and corporate governance committee was established to improve the efficiency of the board and assist it in discharging its duties which include the following: • identifying, considering and monitoring risks impacting the Company; and • ensuring compliance with prevailing legislation and other statutory requirements including voluntary corporate governance frameworks.	• Identified, considered and monitored risks impacting the Company. • Ensured compliance with prevailing legislation and other statutory requirements, including voluntary corporate governance frameworks. • Continued to monitor the management of new and emerging risks. The committee was also involved in monitoring the corporate governance framework, including regulatory and listings requirements and business practices, with the objective of maintaining and strengthening risk management in the organisation. • Reviewed the Group's business continuity strategy and processes. • Reviewed the Group's insurance programme.	• Driving the risk mitigation process. • Ensuring risk accountability and ownership by management. • Ensuring more transparent reporting regarding compliance with legislation. • Ensuring greater focus on IT governance and cyber security.

Committees	Terms of reference	Key duties in 2015	Targets
Social and ethics committee KP Kalyan (chairman) NP Mageza MLD Marole J van Rooyen	The committee performs an oversight and monitoring role in partnership with other committees to ensure that MTN business is conducted in an ethical and properly governed manner and to develop or review policies, governance structures and existing practices. The committee's responsibilities include: • holding the Group president and CEO accountable for MTN's ethics performance; • monitoring activities with respect to legislation, other legal requirements and codes of best practice; • good corporate citizenship; • environment, health and public safety; • promotion of equality and prevention of unfair discrimination; • prevention of fraud, bribery and corrupt practices; • deterrence of human rights violations; • consumer relations; and • labour and employment.	• Performed an oversight and monitoring role in partnership with other committees to ensure that MTN business is conducted in an ethical and properly governed manner. • Took responsibility for the sustainability framework and sustainability reporting for the MTN Group.	• More information on the social and ethics committee is set out in the social and ethics committee report.
Remuneration committee A Harper (chairman) AT Mikati PF Nhleko JHN Strydom F Titi (resigned 31 December 2015) J van Rooyen	The committee oversees the formulation of a remuneration philosophy and human resources strategy to ensure that the Company employs and retains the best human capital possible, relevant to its business needs and maximises the potential of its employees.	• Ensured that MTN's remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management committed to achieving the overall goals of the Company. • Recommended the advisory note on the remuneration philosophy which was ultimately reviewed by shareholders, and recommended the submission to the board and the annual general meeting. • Reviewed and approved the Share Incentive Scheme Rules.	• Revising the Group-wide KPIs to ensure alignment with industry risk, ethics, and compliance factors. • Ensuring a solid framework for talent and succession management. • Review of long-term share incentives. • Review of retention policy.

How we are governed *continued*

Summarised corporate governance report *continued*

Committees	Terms of reference	Key duties in 2015	Targets
Nominations committee PF Nhleko (chairman) A Harper AT Mikati AF van Biljon JHN Strydom	The nomination of board members and senior management. The committee makes recommendations to the board on the composition of the board and board committees and on the development of directors.	• Ensured a formal and transparent board nomination and election process (guided by our director appointment policy) in the appointment of the 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 chairman. • Evaluated and recommended the retiring directors and audit committee members for re-election. • Evaluated the performance of the Group secretary and the secretarial function.	• Ensuring that the appointment of a suitable Group president and CEO is finalised through a formal and transparent process. • Succession planning for directors. • Ensuring enhanced board effectiveness. • Filling the vacancies.

Delegation of authority

The board reserves all decision-making authority to itself, unless such power and authority is delegated to the Group president and CEO, with the intention of ensuring that the correct balance of responsibility is struck between the board and executive management, in the interest of all stakeholders.

While the board plays an oversight role over the Company, the Group president and CEO and his executive management are empowered to manage and lead the business on a day-to-day basis, guided by an approved delegation of authority.

The Company's delegated structures, which include the board committees, encourage and promote open discussion which enhances the board's monitoring function over all areas of the Company.

Director development

In order to ensure that all directors on both the board and committees of the Company are adequately equipped with the latest information and knowledge relating to the business of the Company and to continuously support them in their role as directors, the Company provides ongoing training relating to general management, corporate governance, any updates in laws and regulations and best practices affecting the business. One of the key objectives for 2016 is to provide the board with a more robust and interactive training programme that tackles matters directly linked to managing the business's key priorities.

Group secretary

The board is assisted by a competent and suitably qualified Group secretary, Bongi Mtshali, who has over 30 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.

Name	Bongi Mtshali
Date appointed	August 2005
Qualifications	FCIS and Higher Diploma in Company Law
Previous work experience	Uthingo Management (Pty) Limited, Telkom Limited, Anglovaal Limited and Anglo American Limited (Gold Division)

Directors engage with the Group secretary regularly for governance and regulatory advice. She also ensures the proper administration of the board and adherence to sound ethical practices.

The performance of the Group secretary, as well as her relationship with the board, is assessed on an annual basis by the nominations committee and the board. The assessment considers the competency, qualifications and experience of the Group secretary and whether she maintains an arm's-length relationship with the board. For the reporting period the board is satisfied that she is suitably qualified and her relationship with the board is adequate to ensure her independence from director influence or conflict of interest.

When assessing 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?	Yes
Does the Group secretary have the requisite skills, knowledge and experience to provide guidance to the board on good governance?	Yes
Does the Group secretary have an arm's-length relationship with the board?	Yes
Is the Group secretary an eligible person to hold the office of a company secretary?	Yes
Is the Group secretary not a director of the Company?	Yes

Independent professional advice

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

Directors' dealings

The Company continued to enforce closed periods prohibiting trading in shares by directors, senior executives and employees in terms of the Company's share dealing and insider trading policies. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS. All directors trading in shares require the prior approval of the chairperson of the board.

Directors' declaration of conflicts of interest

A director or prescribed officer is prohibited from using his or her position with respect to the Company or confidential Company information obtained by him or her relating to the Company, in order to achieve a financial benefit for himself or herself or any related third party.

How we are governed *continued*

Summarised corporate governance report *continued*

Furthermore, a director or prescribed officer is obliged to make certain disclosures regarding any conflict of interest he or she may have when such conflict arises.

Directors and prescribed officers who have declared a conflict of interest in certain transactions, have voluntarily recused themselves from participating in any manner with regard to those transactions.

Pillar 3: Business practices and ethics

In 2015, the board continued to strive to ensure that ethics is the foundation of how the Company operates and that corporate governance best practices were entrenched. Accordingly, the directors recognise their responsibility to set the tone from the top, by avoiding instances of conflict of interest and having the interests of the Company at the forefront of all decision making.

Although the foundation for ethics has been embedded in the past two years, the operating companies faced obstacles which staggered their progress in ethics management. These included the lack of resources, language and cultural barriers and the mindset of some employees.

Despite the setbacks highlighted above, each operating company continues to strive to further entrench ethics through a systemic methodology. Each company is supported by ethics champions who provide effective guidance, encourage employees to report all instances of fraud through the whistle-blowing “hotline” and ensure that the Company’s ethics is efficiently implemented and reported to the Group’s social and ethics committee on a quarterly basis.

The Company also continues to safeguard the interests of stakeholders, such as the community, employees, customers and suppliers, by monitoring the Company’s activities with regard to social and economic development, corporate citizenship, consumer relationships, the environment, health and public safety and labour and employment matters.

Pillar 4: Monitoring, oversight and risk management

The Company’s corporate governance structure ensures effective internal controls and monitors the management of significant matters. The audit committee, as well as the risk management, compliance and corporate governance committee provide an environment in which challenging issues can be considered and monitored.

The strategic and operational risk management framework of the Company focuses on various risks that could affect the Company’s customer experience, operational agility, cost competitiveness and stakeholder confidence. This is done through a robust risk methodology that analyses not only what the Company does, but also how it is done, to guarantee sustainable economic viability, make the most of market opportunities and serve a rapidly changing market.

Subsequent to the challenges faced by the Company in 2015, the board is eager to enhance the proficiency of the risk management process and will continue to guide the Company towards better risk mitigation, through ascertaining and appreciating significant risks, investing resources in alleviating existing risks that are critical to the Company and driving the risk accountability and ownership through management.

Pillar 5: Performance management

The board stresses the importance of promoting a healthy workplace environment which includes ethics and compliance through established policies based on the values of integrity, leadership, innovation, relationships and “can do” as well as the vital behaviours. It promotes targeted results in a transparent and systematic manner which ensures that the Company’s employees are productive, provide efficient services and demonstrate the required knowledge, skills, behaviour, competencies and engagement to perform their duties to the best of their ability.

Like any organisation, there are instances of unsatisfactory employee performance, however, the Company endeavours to address such issues expeditiously through internal Company procedures in line with the disciplinary process and its performance management system.

Pillar 6: Disclosure, reporting and transparency

Disclosure, reporting and transparency are fundamental components of the Company’s corporate governance framework to provide accountability to stakeholders and support them in making informed decisions.

MTN endeavours to be transparent, especially regarding material issues. Since the imposition of the Nigeria regulatory fine, the Company has enhanced its policies and procedures that govern the provision of timeous, correct and complete information to stakeholders, in a manner which gives all stakeholders equal access to information and ensures that there is no stakeholder that is treated favourably over others. The Company has also re-emphasised that all matters must be provided to stakeholders in compliance with the law and applicable regulations.

Public information policy

The Company has reviewed its public information policy to align it with changes in the various laws and regulations. The policy provides the procedures and guidelines with respect to the dissemination and protection of material, non-public information and the standard of conduct expected of the Company’s employees in this regard.

MTN Group strives to accurately, consistently and fairly disclose material, or price sensitive information about the Company and its performance, in a readily understandable language, to stakeholders, the public and regulators.

Pillar 7: Stakeholder engagement and communication

The board values the Company’s stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively, but also helps it identify new business opportunities and improve MTN’s relationship with its stakeholders. It also makes it easier for the Company to deliver on its objectives and benefit from ideas for products or services that address stakeholder needs, and at the same time allows the Company to reduce costs and maximise value. In order to ensure greater accountability, the Company has a stakeholder-conscious governance model which places emphasis on dialogue and responding to stakeholder concerns and interests.

How we are governed *continued*

Application of the King III principles: MTN Group Limited

	King III principle	Status	Application of the principle by the Group
1.	Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation	Applied	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.
1.2	The board should ensure that the Company is and is seen to be a responsible corporate citizen	Applied	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.
1.3	The board should ensure that the Company's ethics are managed effectively	Applied	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.
2.	Boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	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.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	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.

	King III principle	Status	Application of the principle by the Group
2.3	The board should provide effective leadership based on an ethical foundation	Applied	See principle 1.1.
2.4	The board should ensure that the Company is and is seen to be a responsible corporate citizen	Applied	See principle 1.2.
2.5	The board should ensure that the Company's ethics are managed effectively	Applied	See principle 1.3.
2.6	The board should ensure that the Company has an effective and independent audit committee	Applied	See principle 3.1.
2.7	The board should be responsible for the governance of risk	Applied	See principle 4.1.
2.8	The board should be responsible for information technology (IT) governance	Applied	See principle 5.1.
2.9	The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	See principle 6.1.
2.10	The board should ensure that there is an effective risk-based internal audit	Applied	See principle 7.1.
2.11	The board should appreciate that stakeholders' perceptions affect the Company's reputation	Applied	See principle 8.1.
2.12	The board should ensure the integrity of the Company's integrated report	Applied	See principle 9.1.
2.13	The board should report on the effectiveness of the Company's system of internal controls	Applied	See principle 7.1.
2.14	The board and its directors should act in the best interests of the Company	Applied	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.

How we are governed *continued*

Application of the King III principles: MTN Group Limited continued

	King III principle	Status	Application of the principle by the Group
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	Not applicable	This principle is accepted by the board and will be applied as envisaged should the eventuality ever arise.
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	Not applied	Pursuant to the SENS announcement on 9 November 2015 and the extenuating circumstances relating to it, Phuthuma Nhleko has been appointed as executive chairman for an interim period of six months. Alan van Biljon is serving as the Company's lead independent director as the chairman is not independent.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Not applied	The executive chairman is carrying out the duties of the CEO for an interim period of six months. The delegation of authority remains in place.
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	Applied	The board comprises 13 directors, of which nine directors are independent non-executive directors, two are non-executive directors and two are executive directors. All the non-executive directors are subjected to an annual independence review, which is aimed at ensuring that they have an independent mind even though they are not considered independent.
2.19	Directors should be appointed through a formal process	Applied	A formal policy on the appointment of directors and the Group secretary has been adopted and is applied.
2.20	The induction and ongoing training and development of directors should be conducted through formal processes	Applied	Although a formal policy has not been approved, the Group secretary is responsible for the induction of directors and carries out this function through a formal process which involves regular engagements with the directors, with the assistance of external advisers where necessary.
2.21	The board should be assisted by a competent, suitably qualified and experienced Company secretary	Applied	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.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	The board conducts an internal evaluation of itself and its committees annually and is subjected to an external performance appraisal every two years.

	King III principle	Status	Application of the principle by the Group
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	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: ■ risk management, compliance and corporate governance committee; ■ remuneration and human resources committee; ■ nominations committee; ■ audit committee; and ■ social and ethics committee. The Group's governance structure and composition is addressed in detail as set out on page 6 of this report.
2.24	A governance framework should be agreed between the Group and its subsidiary boards	Applied	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 the Group Company Secretarial Office.
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	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 the integrated report.
2.26	Companies should disclose the remuneration of each individual director and prescribed officers	Applied	The remuneration of each individual director and prescribed officers is disclosed in the integrated report.
2.27	Shareholders should approve the Company's remuneration policy	Applied	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.

How we are governed *continued*

Application of the King III principles: MTN Group Limited continued

	King III principle	Status	Application of the principle by the Group
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.
3.3	The audit committee should be chaired by an independent non-executive director	Partially applied	KC Ramon an independent non-executive director is the chairman of the Group audit committee. However, not all of the operations' audit committees are chaired by independent non-executive directors.
3.4	The audit committee should oversee integrated reporting	Applied	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	Applied	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	Applied	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	Applied	The audit committee oversees internal audit and receives regular reports on the status of the Group's internal audits.

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

How we are governed *continued*

Application of the King III principles: MTN Group Limited continued

	King III principle	Status	Application of the principle by the Group
4.5	The board should ensure that risk assessments are performed on a continual basis	Applied	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.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	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.
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	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.
4.8	The board should ensure continual risk monitoring by management	Applied	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.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Applied	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.
4.10	The board should ensure that there are processes in place enabling complete, timely, accurate and accessible risk disclosure to stakeholders	Applied	A detailed risk report is contained in the integrated report.

	King III principle	Status	Application of the principle by the Group
5.	The governance of information technology		
5.1	The board should be responsible for information technology (IT) governance	Applied	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.
5.2	IT should be aligned with the performance and sustainability objectives of the Company	Applied	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.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied	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.
5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	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.
5.5	IT should form an integral part of the Company's risk management	Applied	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.
5.6	The board should ensure that information assets are managed effectively	Partially applied	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.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied	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.

How we are governed *continued*

Application of the King III principles: MTN Group Limited continued

	King III principle	Status	Application of the principle by the Group
6.	Compliance with laws, rules, codes and standards		
6.1	The board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The risk management, compliance and corporate governance committee plays a primary role in monitoring compliance with the prevailing legislation, codes and standards. Group legal has embarked on an initiative to co-ordinate compliance with the establishment of the new compliance structure.
6.2	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	Applied	The board is regularly informed of changes in applicable laws and regulations by Group Company Secretarial with the assistance of external advisers.
6.3	Compliance risk should form an integrated part of the Company's risk management process	Partially applied	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 has commenced.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Partially applied	See principle 6.1.

	King III principle	Status	Application of the principle by the Group
7.	Internal audit		
7.1	The board should ensure that there is an effective risk-based internal audit	Applied	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.
7.2	Internal audit should follow a risk-based approach to its plan	Applied	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.
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	Applied	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 the integrated report.
7.4	The audit committee should be responsible for overseeing internal audit	Applied	The audit committee is responsible for and oversees internal audit and receives regular reports on progress throughout the Group.
7.5	Internal audit should be strategically positioned to achieve its objectives		Internal audit is strategically positioned to achieve its objectives and reports directly to the audit committee and functionally to the Group president and CEO.
8.	Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a Company's reputation		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.
8.2	The board should delegate to management to proactively deal with stakeholder relationships		Management develops strategies, policies and programmes for the management of the relationship with each stakeholder grouping.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company		Management develops strategies, policies and programmes for the management of the relationship with each stakeholder grouping.
8.4	Companies should ensure the equitable treatment of shareholders	Applied	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.

How we are governed *continued*

Application of the King III principles: MTN Group Limited *continued*

	King III principle	Status	Application of the principle by the Group
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	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.
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	All major disputes are escalated to management and to the board and efforts are made wherever possible to resolve disputes effectively and expeditiously.
9.	Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the Company's integrated report	Applied	The board reviews, contributes to and approves the content of the integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Applied	The Group reports on sustainability and includes such in the integrated report.
9.3	Sustainability reporting and disclosure should be independently assured	Partially applied	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.