

## Q & A with the acting CFO



Acting Group Chief Financial Officer  
Sugentharen Perumal

### Q The Group delivered another strong set of results. Amid COVID-19 uncertainty, how did MTN's financial performance evolve?

A Beyond managing the accompanying risks of COVID-19, we continued to strengthen our commercial, operational and financial position while focusing on the resilience of our networks and the expense efficiency programmes in our markets.

We performed favourably against our medium-term targets, with service revenue growth of 11,9%\*. This was driven by the surge in data revenue (+31%\*) and data traffic (+110%). Voice revenue (+4,8%\*) came under some pressure from COVID-19-related lockdowns, especially during Q2, but recovered in the remainder of the year as restrictions eased. Digital revenue (+27,1%\*) was supported by the greater uptake of our services during the year. Wholesale revenue (-12,4%\*) was impacted by national roaming effects from MTN South Africa.

Fintech revenue grew strongly (+23,9%\*), underpinned by the accelerated adoption of mobile financial services.

EBITDA increased by 13,4%\* and the Group's EBITDA margin expanded by 0,9pp\* to 42,7%\*, benefiting from the execution of our expense efficiency programme. The solid result was supported by the pleasing growth in our larger operations as well as a broad-based improvement across all our regions. See page 43 for a summary of our operations performance.

The strong underlying earnings growth and profitability was reflected in the 4,0pp increase in adjusted ROE to 17,0%. Group leverage improved to 0,8x, while Holdco leverage was steady at 2,2x. We saw a further improvement in our capex intensity to 16%, from 17,3%. We capitalised R28,6 billion while rolling out a total of 3 342 3G sites and 8 354 4G sites.

### Q How were the 2020 cost efficiencies achieved, and can these be sustained going forward?

A We delivered R2 billion of efficiencies, largely through network savings, a decline in device volumes and costs that reduced during 2020 due to COVID-19, such as travel. MTN South Africa recorded the majority of efficiencies delivered in 2020. Notably, handset volumes are recovering and some of the cost reduction due to the pandemic are likely to reverse, however we remain committed to maintaining and enhancing margins and profitability of the Group.

### Q What progress did MTN make on the asset realisation programme (ARP), and what is the Group prioritising in 2021?

A We first announced our ARP and portfolio transformation two years ago, aiming to reduce debt, simplify our portfolio, reduce risk and improve returns. In Q1 of 2020, we disposed of our ATC Ghana and ATC Uganda tower joint ventures for R8,8 billion. These proceeds were part of the initial phase of our ARP target which was R15 billion over three years – this was achieved in the first 12 months.

In difficult market conditions over the past 12 months, we realised a further R4,3 billion of proceeds of our revised target of at least R25 billion in proceeds over the medium term. In H2, we announced our exit from our 18,9% investment in Jumia for proceeds of R2,3 billion and the localisation of 8% of our shareholding in MTN Zambia for proceeds R178 million. In February 2021, we completed our exit from BICS, for net cash proceeds of R1,8 billion.

### Q How has MTN managed balance sheet resilience and liquidity as well as risks and forex exposure?

A Our ability to weather the volatility brought about by COVID-19 is demonstrated in the resilience of our balance sheet. During 2020, we fast-tracked and closed R18,2 billion in funding to mitigate refinance risks around upcoming maturities and remained focused on managing liquidity as well as preserving cash.

At year end, our Holdco liquidity headroom was R41,0 billion: R16,4 billion in cash and R24,6 billion in committed, undrawn credit facilities. In an illiquid forex market, cash upstreaming from Nigeria remained challenged: we upstreamed the equivalent of R286 million, with R4,2 billion yet to be repatriated as at 31 December 2020. As stated by the Chairman, this contributed to the suspension of the 2020 dividend as we committed to the accelerated deleveraging of the Holdco balance sheet.

Our focus over the medium-term remains on reducing our exposure to US dollar debt, as well as on improving the funding mix at the Holdco level through greater cash flows from the ARP and portfolio transformation. Our deleveraging strategy will be executed and achieved through:

- Continued solid operational performance and cashflow generation.
- Focus on cash upstreaming from the markets.
- Committed to R25 billion medium-term ARP, which has been slowed by market volatility.
- Liquidity and liability management.

## A word from the incoming CFO



Q

As the incoming Group CFO, what do you think about MTN's strategic repositioning and how it will enable further growth, financial resilience and efficiency over the medium term?

A

Building a robust financial framework that supports MTN's strategic repositioning is of utmost importance. Under **Ambition 2025**, we remain very committed to a value-based approach to capital allocation. Against this backdrop, our disciplined capital allocation framework guides us on how we prioritise our capital to ensure that we get the best possible short- and long-term return while providing our stakeholders a return on their investment.

As we focus on accelerating the growth of our business under our revised strategy, we will prioritise the faster deleveraging of our Holdco and transforming our portfolio. The ARP will remain central to this ambition going forward and, building on the progress outlined earlier, delivery on the material assets in the programme will be key in the short-term. This includes the sale of our 29% shareholding in IHS, which we fair value at R27 billion.

We remain focused on localisations across our markets and have completed the preparatory work for MTN Rwanda's listing by introduction and have announced plans to sell down a further 12,5% of our investment in MTN Ghana. As soon as there is sufficient dollar availability in Nigeria, we will progress with the further localisation of MTN Nigeria.

Our pan-African focus includes an orderly exit from the Middle East over the medium term, with the first phase focused on the consolidated subsidiaries and the second phase relating to the MTN Irancell joint venture. We are committed to executing on the transaction to dispose of our share in MTN Syria to Tele Invest.

In order, to deliver on all our strategic priorities, we need to drive growth and efficiencies in our business, therefore another key focus is targeting further efficiencies. This will contribute to fund future growth while delivering on margin and ROE improvement. At its core, **Ambition 2025** contextualises how we will drive the business forward to take advantage of the digital acceleration trends, capture growth opportunities and reveal the inherent value in our business. This will be

underpinned by a clear focus on driving network and operational efficiencies, including digitalising the core and targeting the realisation of efficiencies of at least R5 billion over the medium term off the 2020 base.

We are thus very well-positioned for the long term, with an enhanced return profile underpinned by a strong risk and regulatory framework as well as a very disciplined capital allocation framework. **Ambition 2025** is clearly geared to accelerating the Group's de-risking and will position the business to capture the exciting opportunities identified across our markets. We have enhanced our medium-term guidance to reflect this accelerating growth outlook (see page 17) and, in support of this, plan to invest R29,1 billion in our network, fintech and digital services platforms in 2021.

### Capital allocation framework



# Key financial tables and operations performance summary

## Income statement

Good operational results across most markets and improved operating leverage

(Rm)	2020	2019	% change reported	% change constant currency*
Revenue	179 361	151 460	18,4	10,9
Service revenue <sup>1</sup>	170 072	141 830	19,9	11,9
<b>EBITDA before once-off items</b>	<b>76 692</b>	62 922	21,9	13,4
Once-off items	4 619	1 307		
<b>EBITDA</b>	<b>81 311</b>	64 229	26,6	13,4
Depreciation, amortisation and goodwill impairment	(36 716)	(32 800)	11,9	4,0
Net finance cost <sup>2</sup>	(18 233)	(15 184)	20,1	13,8
Hyperinflationary monetary gain	1 582	787		
Share of results of associates and joint ventures after tax	1 142	705		
<b>Profit before tax</b>	<b>29 086</b>	17 737	64,0	
Income tax expense	(9 439)	(6 908)	36,6	
<b>Profit after tax</b>	<b>19 647</b>	10 829		
Non-controlling interest	(2 625)	(1 729)		
<b>Attributable profit</b>	<b>17 022</b>	9 100	87,1	
EPS (cents)	946	506	87,0	
HEPS (cents)	749	468	60,0	
Adjusted HEPS (cents)	877	579	51,5	
DPS (cents)	–	550		

<sup>1</sup> Service revenue excludes devices and SIM card revenue.

<sup>2</sup> Actual net finance cost includes unwind of interest on Nigeria fine (2020: R0m; 2019: R189m).

\* Constant currency view is shown at 2020 rates and excludes the impact of hyperinflation 2020 is adjusted for the gain on disposal of ATC (R6 136m), loss on disposal of investment in Content Connect Africa (R7m), loss on remeasurement of disposal groups (Syria – R1 113m and BICS – R397m) 2019 is adjusted for gain on dilution of investment in Jumia (R1 039m), gain on disposal of Travelstart (R282m), unwind of interest on Nigeria fine (R211m) and tower profits (R23m).

### COMMENTARY

**Service revenue**  
Constant currency growth driven by increases in voice (4,8%), data (31,0%), fintech (23,9%), digital (27,1%) and enterprise (14,8%). Wholesale declined by 12,4%, with South Africa being the main contributor to this.

**EBITDA**  
Drove cost efficiencies, strong operational performance and operating leverage.

**Net finance cost**  
Increase was driven by increase in forex losses due to the weakening of exchange rates in Sudan and South Sudan.

**Share of results of associates and joint ventures after tax**  
Improvement driven by discontinuation of Jumia which is no longer equity accounted.

**Interest expense**  
Decrease in group effective tax rate, driven by non-taxable gain from disposal of the tower companies.

**HEPS**  
Rand depreciation, good operational performance and improved contribution of profits from associates & JVs, benefitting from non-operational items totalling 128 cents.

## Statement of financial position

Weaker closing rate for rand against US dollar

(Rm)	2020	2019	% change
Right-of-use assets	46 156	44 984	2,6
Other property, plant and equipment	100 576	98 312	2,3
Intangible assets and goodwill	39 069	36 866	6,0
Other non current assets	49 036	45 867	7,6
Mobile Money deposits	28 008	15 315	80,7
Other current assets	82 081	60 129	36,5
Non-current assets held for sale	4 016	838	NM
<b>Total assets</b>	<b>348 942</b>	302 311	15,4
<b>Total equity</b>	<b>106 225</b>	86 100	23,4
Interest-bearing liabilities	96 249	94 280	2,1
Lease liabilities	49 481	46 327	6,8
Mobile Money payables	28 008	15 315	82,9
Other liabilities	67 895	60 289	12,6
Non-current liabilities held for sale	1 084	–	100,0
<b>Total equity and liabilities</b>	<b>348 942</b>	302 311	15,4

### COMMENTARY

**Other non current assets**  
Includes investment in IHS, fair valued at R27,2bn at year-end.

**Other current assets**  
Additional investments in fixed deposits held in Nigeria.

**Non-current assets held for sale**  
MTN Syria and BICS have been classified as held for sale at the end of the year.

**Other liabilities**  
Mainly driven by an increase in BTS accruals and foreign currency denominated creditors in Nigeria.

# Key financial tables and operations performance summary continued

## Selected cash flow information

### Higher financing activities in flows as a result of drawdowns in Nigeria

(Rm)	2020	2019	% change
Cash generated from operations	78 580	55 197	42,4
Dividends received from associates and joint ventures	608	550	10,5
Net interest (paid)/received	(12 271)	(11 818)	(3,8)
Tax paid	(8 404)	(7 640)	(10,0)
<b>Cash generated by operating activities</b>	<b>58 513</b>	<b>36 289</b>	<b>61,2</b>
Acquisition of property, plant and equipment and intangible assets	(30 180)	(27 040)	(11,6)
Movement in investments and other investing activities	(3 332)	2 498	(233,4)
<b>Cash used in investing activities</b>	<b>(33 512)</b>	<b>(24 542)</b>	<b>(36,5)</b>
Dividends paid to equity holders of the company	(6 462)	(9 352)	30,9
Dividends paid to non-controlling interests	(2 093)	(1 460)	(43,4)
Other financing activities	(5 150)	6 472	(179,6)
<b>Cash used in financing activities</b>	<b>(13 705)</b>	<b>(4 340)</b>	<b>(215,8)</b>
<b>Cash movement</b>	<b>11 296</b>	<b>7 407</b>	<b>52,5</b>
Cash and cash equivalents at the beginning of the year	21 607	14 967	44,4
Effect of exchange rates and net monetary gain	(2 143)	(1 382)	(55,1)
Cash classified as held for sale	(124)	615	(120,2)
<b>Cash and cash equivalents at the end of the period</b>	<b>30 636</b>	<b>21 607</b>	<b>41,8</b>

#### COMMENTARY

##### Cash generated from operations

Driven by increased prepayments for capex and operating expenses and working capital outflows of R2,9bn. Delivered growth in operating free cashflow of 117,1%.

##### Movement in investments and other investing activities

Driven by proceeds from the disposal of Tower companies of R8,8bn and Jumia of R2,3bn. These were offset by additional investments and restricted cash of R6,4bn and the realisation of bonds and treasury bills of R8,1bn in Nigeria.

##### Other financing activities

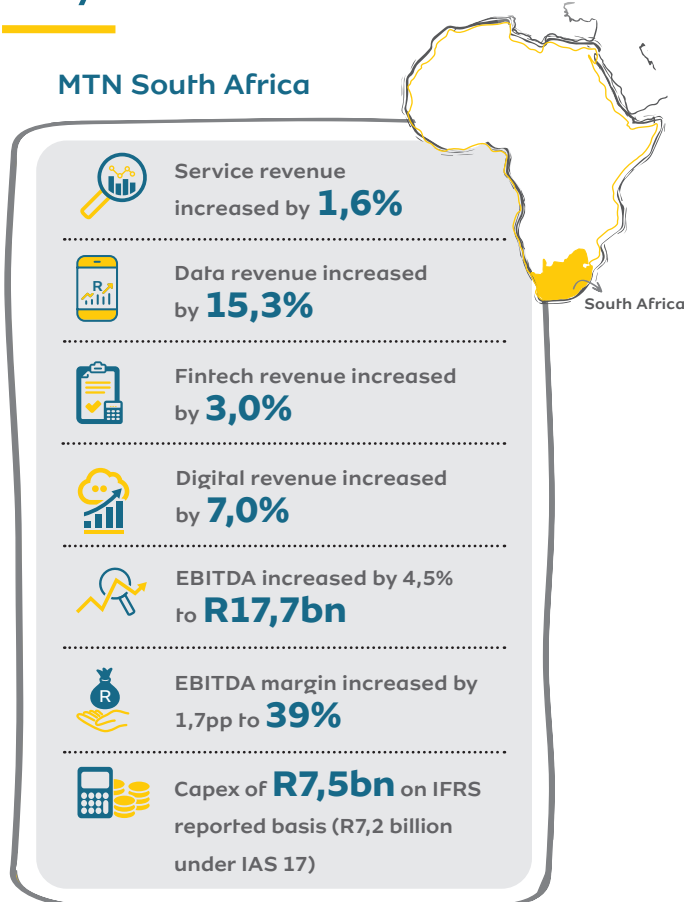
Driven by the payment of the capital portion of the leases of R4,9bn.





# Key financial tables and operations performance summary continued

## MTN South Africa



MTN SA delivered solid overall performance underpinned by strong commercial and operational execution as well as an acceleration in digital adoption arising from the impacts of the COVID-19 pandemic. This was despite a challenging macro and trading environment and volatility in the national roaming business.

The 1,6% growth in service revenue was supported by the prepaid (up 2,9%) and total postpaid (up 8,6%) businesses, which recovered well from the impact of regulation changes in 2019. Overall service revenue was also boosted by a resilient performance in the broader consumer business unit (CBU) and growth in the enterprise business unit (EBU). The core mobile

business grew service revenue by 4,6%. MTN SA's results were impacted by lower revenue in the wholesale business. This arose from discontinuation of the roaming agreement with Telkom and the continuing effects of accounting for Cell C revenue on a cash basis. Excluding the impact of national roaming (both Cell C and Telkom), MTN SA would have recorded service revenue growth of 3,2%. Cell C has remained current with payments on the agreed upon plan.

**Total subscribers** increased by 3,1 million to 32,0 million on stronger gross additions and improved churn. The main driver was an increase in prepaid customers by 2,4 million, to a base of 25,3 million – the highest level in about two years. Postpaid subscriber numbers increased by 664 000 to 6,8 million, in a highly competitive environment and limited by lockdown restrictions. It was encouraging to note that MTN SA achieved positive net connections for the five months in a row to December 2020. The postpaid subscriber base benefited from short-term university and college deals offered to support students during the height of COVID-19 impacts.

Total **data revenue** grew by 15,3%, supported by a 79% rise in traffic and an increase of 1,5 million in active data subscribers to 15,7 million; the significant traffic growth was supported by ICASA's temporary assignment of high demand spectrum. In the year, the effective data tariff reduced by 35%, due to an increased adoption of mobile broadband deals, student deals and SME deals. MTN SA also implemented data price reductions in line with the agreement reached with the Competition Commission (CompCom) and remains committed to ensuring data affordability for its customers.

The **consumer prepaid** business continued to deliver pleasing and improving results, especially through H2. Service revenue for the year increased by 2,9%, driven by solid commercial execution of customer value management (CVM) initiatives and enhanced distribution. Service revenue slowed from 5,7% in the third quarter to 2,5% in the fourth quarter, impacted mainly by the release of loyalty provisions. The **consumer postpaid** business performed strongly in a highly competitive trading environment, generating solid service revenue growth of 5,3% in the year. This was aided by subscriber growth, well-managed churn and the uptake of Data First offers (Mega Deals campaign). The business has shown pleasing resilience in a challenging environment, however with South Africa now in the midst of a second wave of COVID-19 infections, further macroeconomic challenges and pressure on consumers may present some headwinds to the business.

The **enterprise business** sustained its progress, achieving growth for the fifth consecutive quarter with service revenue up 14,3% for the year. The business benefited from a record number of

customer additions, boosted by a surge in data deals as universities facilitated 'learn from home' initiatives and customers required 'work from home' solutions. Some of the deals were on a short-term basis, leading to a slowdown in the fourth quarter because of university churn.

**Wholesale** revenue declined by 16,4% because of the discontinuation of our roaming agreement with Telkom and the effects of accounting for Cell C revenue on a cash basis. For the year, we recognised R2,0 billion in roaming revenue from Cell C – this was up by 10% on the revenue recognised in the previous year. R414 million of Cell C roaming revenue remained unrecognised at December 2020. These payments are anticipated in 2021 upon successful recapitalisation and will be recognised in 2021. MTN SA commenced phase two of the roaming agreement with Cell C, effective 1 May 2020. The arrangement envisages a three-year transition towards a full national roaming arrangement under which MTN will carry all of Cell C's network traffic.

MTN SA recorded a solid **EBITDA margin** of 39,0%, an improvement of 1,7pp, with EBITDA increasing by 4,5% YoY. In addition to service revenue growth, the margin performance was supported by cost efficiencies and channel optimisation, reductions in device volumes, as well as reductions in device subsidies. Based on an assessment of the prevailing macroeconomic environment, we recorded an additional R371 million provision for expected credit losses under IFRS 9.

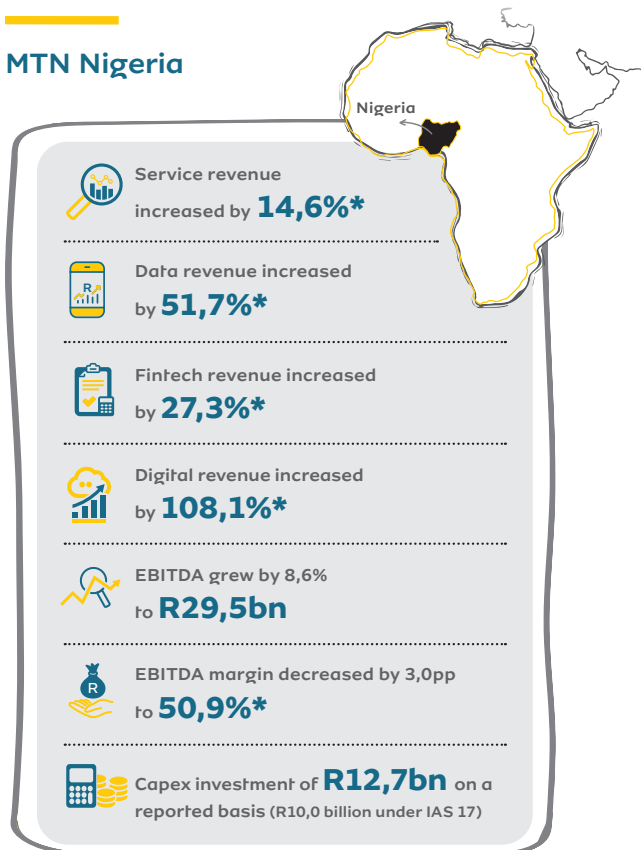
The fintech business in SA continued to scale, with 2,5 million registered users and 207 000 active users at year-end. This follows the launch of **Mobile Money** in South Africa in January 2020. The platform continues to grow transactions driven by innovative and relevant solutions. MTN SA's main focus is around distribution, as well as extending cash-in and cash-out points through both formal and informal channels.

In the year, our commitment to transformation and improving access to mobile technology across South Africa resulted in the company achieving the significant milestone of level 1 B-BBEE contributor status.

MTN SA continues to deliver and sustain the best network quality in SA on both customer and independent measures. It has been endorsed as the best network by MyBroadband, Tutela, Open Signal and P3 for more than three years in a row. MTN SA launched 5G in June 2020 being the first in the MTN Group. We have over 150 sites across several spectrum bands in Johannesburg, Cape Town, Pretoria, Durban, Bloemfontein, Centurion, Port Elizabeth and a few towns, with ambitious plans to scale up to more than 1 000 sites upon allocation of 3500MHz high demand spectrum.

# Key financial tables and operations performance summary continued

## MTN Nigeria



MTN Nigeria delivered considerable growth in its base, connecting 12,2 million new subscribers to its network, which helped to grow its service revenue.

The growth in our subscriber base provided support for **voice** revenue, which accounted for 67,0%\* of service revenue and rose by 5,6%\*, with an acceleration in growth to 8,9% YoY in H2. This was enabled by our expanded customer acquisition touchpoints, rural telephony initiatives and revamped acquisition offers. The suspension of new SIM registration in mid-December did not have a significant impact on voice revenue as we saw an increased level of activity from the existing base.

**Data** revenue rose by 51,7%\* for the year, maintaining the positive momentum from the effects of COVID-19 lockdowns. The performance in data was enabled by a combination of increased subscribers, usage and ultimately traffic, which was in turn

supported by increased network capacity and 4G penetration. Data traffic rose by 126,5% and average usage by 64,0%. MTN Nigeria added approximately 8,2 million new smartphones to the network, bringing smartphone penetration to 45,9% of our base, up from 41,9% in 2019.

**Fintech** revenue rose by 27,3%\* boosted by airtime lending service, MTN Xtratime. MTN Nigeria expanded its MoMo agent network with the addition of more than 280,000 registered agents during the year. This achievement was aided by the conversion of traditional airtime agents in line with the 'one distribution' strategy. Fintech subscribers increased more than eight-fold to 4,7 million, driving higher transaction volume of approximately 51,5 million and core fintech revenue growth of 28,0%.

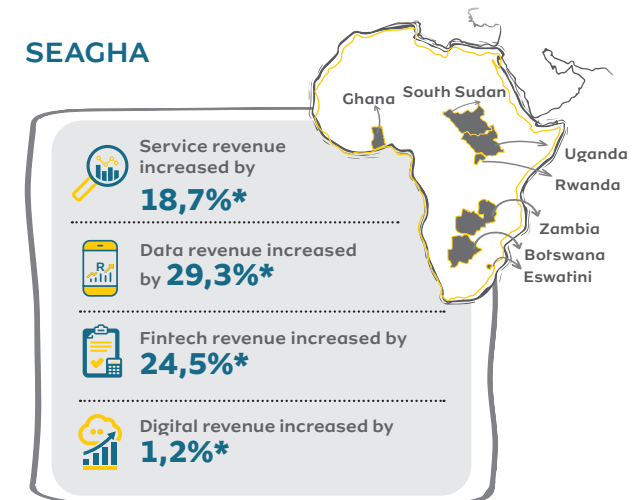
The uptake of **digital** services continued to gain traction with the revamp of MTN Nigeria's portfolio of digital products and services, improved customer journey and increase in the active user base. As a result, digital revenue recorded a growth of 108,1%\*. Active users increased to 2,8 million, from 1,6 million in H1 when the definition was revised (to capture only unique paid subscriptions). This was driven mainly by subscriptions for instant messaging platform, ayoba, which rose by 120,9% to 1,4 million.

**Enterprise** revenue increased by 0,8%\*, supported by growth in revenue from devices and fixed connectivity. The economic impact of the COVID-19 lockdown, particularly in Q2, led to a decline in the uptake of products and services by the businesses supported by MTN Nigeria. The recovery in H2 was, however, encouraging as restrictions eased and economic activity began to improve. A further uplift in enterprise revenue is anticipated once the USSD pricing dispute is resolved and outstanding fees are recovered from the banks.

During the period, MTN Nigeria expanded the scope of its service agreement with IHS Holding Limited (IHS) and amended the currency conversion provision for tower services. The changes in the service agreement substantially improve MTN Nigeria's terms and conditions for future network expansion. The contract adjustment included the movement of the reference rate for conversion to Naira from the CBN's official rate to the NAFEX. MTN Nigeria also reviewed the treatment of non-recoverable VAT on lease payments to account for it as an expense over the lease period. These, together with the effects of Naira depreciation, put upward pressure on lease rental costs in the period.

In addition to this, the combined effect of the 2,5% increase in value-added tax (VAT) and COVID-19-related costs led to a 29,2% increase in operating expenses with knock-on effect on EBITDA. This resulted in the EBITDA margin softening by 3,0pp\* to 50,9%\* with EBITDA rising by 8,6%\*.

## SEAGHA



MTN's SEAGHA region delivered a healthy performance despite a substantial downturn in economic activity resulting from COVID-19 containment measures. Total subscribers increased by 8,8 million in the year to 57,3 million

**MTN Ghana** was once again a key driver of the strong performance in SEAGHA, with service revenue growth remaining in the double-digits (up 16,6%\*) driven by improved performances across most revenue curves. Voice revenue (up 8,4%\*) was supported by an increase in the number of active subscribers, as well as various CVM initiatives, which helped to manage churn and improve usage. The continued robust growth in data revenue (up 21,4%\*) was supported by higher active data users and smartphones on the network. The increased usage was partly due to shifts in consumer behaviour amid the COVID-19 pandemic.

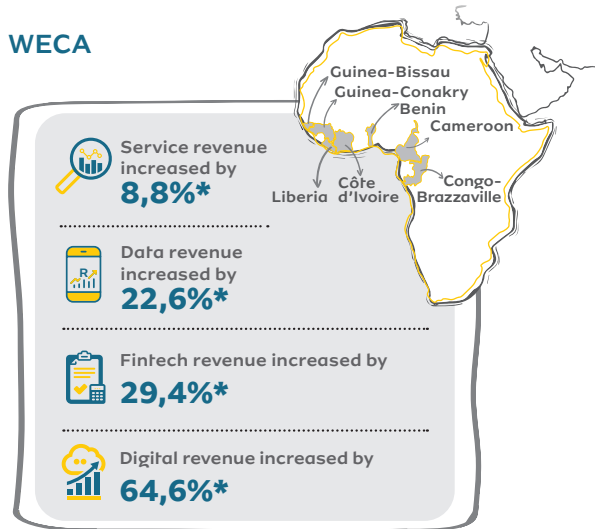
The growth in MoMo revenue (up 31,3%\*) benefited from various promotions in the year, increased person-to-person (P2P) transactional activity and broader penetration of more advanced services such as retail merchant payments and international remittances. MTN Ghana's EBITDA margin improvement of 2,0pp\* to 52,8%\* resulted from ongoing cost initiatives and distribution efficiencies.

**MTN Uganda** increased service revenue by 9,5%\*, with positive growth delivered in most of its revenue lines notably, voice (up 3,9%\*), data (up 27,8%\*) and fintech (up 11,8%\*). MTN Uganda's performance was underpinned by increases in the user base and usage, helped by CVM initiatives. EBITDA margin expanded by 2,4pp\* to 49,5%\*, on higher revenue and effective implementation of cost efficiencies.

The rest of the SEAGHA portfolio also delivered strong results, with MTN Rwanda and MTN Zambia growing at a double-digit rate. Data growth was strong across all opcos, benefiting from increased traffic resulting in part from the effects of COVID-19. Overall, the SEAGHA portfolio excluding MTN Ghana delivered service revenue growth of 20,9%\* for the year, and 24,8%\* YoY in Q4. Service revenue continued to grow ahead of costs in most markets, driving positive operating leverage. Moving forward, disclosure of the region will change to reflect the new regional operating structure announced during 2020.

# Key financial tables and operations performance summary continued

## WECA



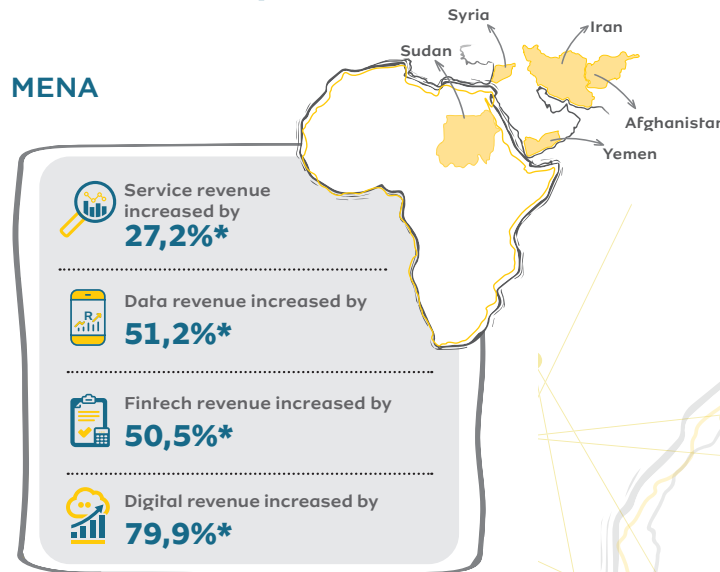
The WECA region delivered a solid result with growth continuing to significantly outstrip inflation. This was supported by strong double-digit base growth despite the COVID-19 restrictions as well as improved data and fintech activities. Execution of the expense efficiency programme resulted in most WECA opcos improving their EBITDA margins.

**MTN Côte d'Ivoire** recorded an increase in service revenue of 8,6%\*, supported by net additions of 0,8 million following positive net additions for the eighth month in a row to December. This result was also supported by strong revenue growth in data (up 30,1%\*) and fintech (up 16,3%\*). The EBITDA margin widened by 8,3pp\* to 34,7%\*.

**MTN Cameroon** delivered service revenue growth of 6,5%\*, with strong growth in data (up 19,7%\*), fintech (up 43,6%\*) and digital (up 101,8%\*). The performance was supported by gains in market share in a difficult operating environment and ongoing conflict in large parts of the country. The EBITDA margin for MTN Cameroon improved by 1,7pp\* to 32,1%\*.

Overall, excluding MTN Cameroon and MTN Côte d'Ivoire, the WECA markets grew their service revenue by an aggregate of 10,2%\*, and 13,3%\* YoY in Q4.

## MENA



Despite persistent geopolitical challenges, the operations within the MENA portfolio delivered a strong performance with a firm EBITDA margin. This was supported by solid growth in data revenue with a 16,3%\* YoY increase in active data subscribers (excluding MTN Irancell). The total number of subscribers (excluding MTN Irancell) was 26,0 million.

**MTN Syria** grew service revenue by 28,9%\*, driven by growth in voice (up 12,1%\*) and data (up 42,1%\*). The EBITDA margin declined by 13,8pp\* to 25,0%\* as a result of a material devaluation in the local currency, which put pressure on foreign-denominated operational expenditure.

**MTN Sudan** increased service revenue by 80,8%\*, underpinned by growth in voice (up 64,7%\*) and data (up 126,3%\*) on the back of increase in data bundle prices, active data subscribers and usage. The EBITDA margin expanded by 8,3pp\* to 43,2%\*, driven by strong growth in revenue.

# Audit Committee Chair's review



**"The resilience of the Group's business continuity and its responsiveness to adapt its processes and controls were tested to an extraordinary level. While evaluating, monitoring and mitigating new financial risks brought about by the COVID-19 pandemic, the Group Audit Committee continued to drive its key focus areas set for 2020."**

Members	Attendance at applicable meetings
Sindi Mabaso-Koyana*	1/1
Christine Ramon^	4/4
Peter Mageza#	1/1
Swazi Tshabalala	4/5
Paul Hanratty	5/5
Vincent Rague	3/5

By invitation: Group President and CEO, Group Chief Financial Officer, Group Business Risk Officer, Group Internal Audit and Forensics Officer and joint external auditors

\* Assumed chairmanship 1 October 2020

^ Resigned 30 September 2020

# Resigned 15 April 2020

**AFS** The full Audit Committee report is in the AFS.

## Key features of 2020

- Reviewed the Group's comprehensive Group-wide project to manage response to the pandemic.
- Evaluated progress and independent assessment of implementation of the Group's enterprise resource planning cloud process that is expected to improve overall internal financial control environment.
- Evaluated rollout of enhanced policies, systems and processes in various focus areas across MTN, including treasury and credit management.
- Monitored rollout of projects to enhance technology controls.
- Monitored progress and evaluated findings and action steps from deep-dive process reviews in areas such as procurement and supply chain management, consumer, and sales and distribution.
- Reviewed initiatives to further enhance assurance and monitoring capabilities of Internal Audit and Forensic Services in light of the Group's strategy.
- Ensured appropriate planning and transition processes for rotation of audit firms commencing in 2021 with Ernst & Young replacing SNG Grant Thornton.
- Enhanced oversight and evaluation of external audit function by reviewing audit quality-related indicators of external auditors against benchmarks.
- Assessed the financial impact of assets held for sale.
- Assessed valuations of underlying businesses in light of COVID-19.
- Assessed the milestones that were critical for the declaration of dividends.

**Mandate:** The Audit Committee assists the Board in discharging its duties by monitoring the strength of the operational, financial and control processes. These include: internal financial controls, ensuring that assurance services and functions enable an effective control environment; and supporting the integrity of information produced in compliance with legal and regulatory requirements.

## Key focus areas for 2021

- Continue to evaluate progress and independent assessment of implementation of the Group's enterprise resource planning cloud process.
- Monitor transition processes for rotation of audit firms and the effectiveness thereof, as well as oversight and evaluation of external audit function.
- Evaluate the ongoing operational, financial and control risks posed by the pandemic and Group's response and mitigation processes.
- Consider financial impact and disclosure of corporate transactions in scope of the Middle East exit plan.
- Consider impact of a growing MoMo business on the control environment and monitor the restructure of MoMo businesses.
- Evaluate progress on consolidation and standardisation of key controls to further enhance overall control environment.
- Maintain focus on enhancement of controls to reduce cyber risks, fraud risks and revenue leakage.
- Evaluate compliance programmes on data privacy across the Group.
- Continue to monitor the impact of the pandemic.

Independent Audit Committee.



# Our strategic performance in 2020

In 2020, we continued to deliver on our BRIGHT strategy's clearly defined KPIs. Introduced in 2017, they were designed to build our core business sustainably and strengthen our operations, with the remuneration of all executives dependent on their delivery. The remuneration section from page 84 details the performance of each of the executives with the primary responsibility for delivering on the strategy. Looking ahead we will measure our performance against **Ambition 2025**.

## Elements of BRIGHT in place for 2020

### Best customer experience

### Returns and efficiency

### Ignite commercial performance

### Growth through digital and data

### Hearts and minds

### Technology excellence

## Measures of success

- Lead market NPS
- Achieve best brand in markets
- Adjusted ROE
- Improve EBITDA margin
- Stabilise leverage
- Grow market share
- Growing voice revenue
- Grow enterprise and wholesale revenue
- Achieve 200m data subscribers
- Achieve 100m digital subscriptions, including 60m for MoMo
- Lead market in employee NPS and improve employee engagement
- Enhance reputation
- Ensure effective risk and compliance practices
- Lead market in network NPS
- Increase population coverage

## Performance 2020 (vs 2019)

#1 in **15** markets (12 markets)

#1 in **15** markets (12 markets)

**17,0%** (13,0%)

**45,3%** (42,4%)

Holdco leverage **2,2x** (2,2x)

**46,1%** (44,2%)

**4,8%\*** (-4,2%\*)

Enterprise: **14,8%\*** (8,4%\*)

Wholesale: **-12,4%\*^** (63,2%)

**114m** (95m) active data users

**46m** (35m) MoMo users and x 5m (2m) ayoba MAUs

**81%** (80%) employee sustainable engagement score <sup>LA</sup>

**74%** (72%) quality of engagement, **74%** (73%) responsiveness,

**71%** (74%) relationship health

#1 in **12** markets (14 markets)

3G: **84%** (77%) and 4G: **61%** (46%)

<sup>^</sup> Impacted by national roaming effects from MTN South Africa

# How we will measure our performance against **Ambition 2025**

## The case for change and future focus

The achievements of the BRIGHT strategy in the past four years are the foundation for our new strategy – **Ambition 2025**. BRIGHT delivered a sharply improved core business with stronger and more consistent operational performance. **Ambition 2025** provides the focus for the next five years, ensuring that we continue to evolve and stay relevant, harnessing opportunities to create and preserve value for our stakeholders.

The pandemic triggered a shift in the operating environment. Lockdowns catalysed accelerated demand for more flexible and affordable access to digital services, including financial services and entertainment. The work we had already done to prepare for greater digital humanism put us in a good position, but the events of 2020 gave our work a new urgency. What we had expected to evolve in five to ten years' time, is happening today. Page 10 gives details of our updated strategy.

**Ambition 2025** rests on four pillars, each with the KPIs necessary to measure our success. The five vital enablers are key to operationalising our strategy, and so come with their own KPIs. Some of the KPIs are new, and some are an evolution of the BRIGHT KPIs where the execution required has been adapted in line with the strategic repositioning.

# 2025

## Strategic priorities



### Build the largest most valuable platforms

- Revenue growth: ~15%.
- Platform revenue contribution: >25% (+16pp\*).
- 100m ayoba subs.
- 100m fintech subs.
- \$0,5bn Enterprise revenue.
- #1 African NaaS platform.
- #1 African API gateway.



### Drive industry-leading connectivity and operations

- Market share: >55%.
- 300m subs.
- 200m active data subs.
- 50% data revenue.
- 10m connected home customers.
- >100 000km fibre footprint.



### Create shared value

- Shareholding localisation (Nigeria 35%, Ghana 25%, Uganda 24%).
- Continuous growth in contribution to society.



### Accelerate portfolio transformation

- >R25bn proceeds.



### Leading customer experience

- Lead market NPS.
- Achieve best brand in markets.



### Best talent, culture and future skills

- Lead market in employee NPS and improve employee engagement.



### Value-based capital allocation

- Achieve adjusted ROE: >20%.
- Lower capex intensity: <15%.
- Achieve 40% EBITDA margin.
- Maintain ~1,5x Holdco.



### ESG at the core

- Achieve reputation index of >75%.
- 47% average reduction in absolute emissions (tCO<sub>2</sub>e) for scope 1, 2 and 3 by 2030 and net-zero by 2040.
- 77,6% average reduction in energy consumption per subscriber by 2030.




### Technology platforms second to none

- Lead market in network NPS.

Vital enablers

# Our Board of Directors

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 its strategy. For detailed profiles of our Board of Directors please refer to our website. 



**1**



**Mcebisi Jonas**  
(Born 1960)  
**Chairman and independent non-executive director**  
Appointed: 1 June 2018  
Skills: Risk management, finance, investment management, economics and strategic leadership

**2**




**Ralph Mupira**  
(Born 1972)  
**Group President and CEO**  
Appointed: CFO 3 April 2017  
Appointed: CEO 1 September 2020  
BScEng (Hons), MBA, CMP (Harvard).  
Skills: Engineering, financial services and telecommunications

**3**



**Dr Khorso Mokhele**  
(Born 1954)  
**Lead independent non-executive director**  
Appointed: 1 July 2018  
Appointed LID: 15 December 2019  
BSc (Agriculture), MSc (Food Science), PhD (Microbiology) and a number of honorary doctorates from various institutions.  
Skills: Science and technology

**4**



**Azmi Mikati**  
(Born 1972) (Lebanese)  
**Non-executive director**  
Appointed: 21 July 2006  
BSc Civil Engineering and Engineering Mechanics  
Skills: Telecommunications and general business

**5**



**Swazi Tshabalala**  
(Born 1963)  
**Independent non-executive director**  
Appointed: 1 June 2018  
MBA, Oxford Fintech Programme.  
Skills: Financial services, risk, treasury and general management

**6**



**Nkululeko Sowazi**  
(Born 1963)  
**Independent non-executive director**  
Appointed: 1 August 2016  
Master's degree (UCLA).  
Skills: Investment management and operations, business leadership.

**7**



**Paul Hanratty**  
(Born 1961) Irish  
**Independent non-executive director**  
Appointed: 1 August 2016  
BBusSc (Hons.), Fellow of Institute of Actuaries, Advanced Management Programme (Harvard).  
Skills: Financial services

**8**



**Shaygan Kheradpir**  
(Born 1960) American  
**Independent non-executive director**  
Appointed: 8 July 2015  
BA, Masters and PhD Electrical Engineering (Cornell)  
Skills: Business leadership and transformational change, business operations, technology and engineering

# Our Board of Directors continued



**Stan Miller**

(Born 1958) Belgian

**Independent  
non-executive director**

Appointed: 1 August 2016  
IntDip, Diploma in Law and  
Administration, Proteus Leadership  
Program, Private Equity Program  
Skills: 30 years of experience in the  
startup, turnaround and managing of  
companies in both the Media and  
Telecom industries globally



**Lamido Sanusi**

(Born 1961) Nigerian

**Independent  
non-executive director**

Appointed: 1 July 2019  
Bachelor's degree in Economics  
and a Bachelor's degree in  
Islamic Law.  
Skills: Finance, Banking  
and Central Banking



**Sindi Mabaso-Koyana**

(Born 1969)

**Independent  
non-executive director**

Appointed: 1 September 2020  
CA(SA), BComm (Hons) (Accounting),  
Fellow of the Aspen Global Leadership  
Network, Founder and member of African  
Women's Forum, Member of International  
Women's Forum. Skills: Finance, Audit,  
Corporate Governance, Investment  
Management, Compliance and Risk  
management



**Vincent Rague**

(Born 1958) Kenyan

**Independent  
non-executive director**

Appointed: 1 July 2019  
MBA, BA; Hons (Econ/Statistics), Executive  
development programs at the Harvard  
Business School, Boston, USA; and IMD,  
Lausanne, Switzerland.  
Skills: International investment and corporate  
finance experience in banking, insurance and  
infrastructure, a private equity fund manager  
based in Nairobi, Kenya where he sits on the  
Investment Committee and as a director



**Nosipho Molope**

(Born 1964)

**Independent  
non-executive director**

Appointed: 1 April 2021  
Bachelor of Science, Bachelor of  
Accounting Science with a Certificate  
of Theory, CA(SA)  
Skills: Telecommunications, packaging,  
agricultural and petrochemical sectors.  
Deep level of technical accounting  
knowledge



**Noluthando Gosa**

(Born 1963)

**Independent  
non-executive director**

Appointed: 1 April 2021  
Bcompt Honours Degree, CTA, BA  
(Hons) Accounting & Finance, CA(SA)  
Skills: Telecommunications,  
experienced deal maker and  
businesswoman



**Tsholofelo Molefe**

(Born 1968)

**Group Chief Financial Officer**

Appointed: 1 April 2021  
Bcompt Honours Degree, CTA, BA  
(Hons) Accounting & Finance, CA(SA)  
Skills: Telecommunications, banking  
and financial services, financial  
strategy, financial management and  
accounting experience, enterprise risk  
management and financial controls



# Governance in action



## Value creation and preservation through robust governance

MTN’s directors and executives provide oversight using a combined assurance model which considers the role of management, control functions, internal and external audit and the Board committees of subsidiaries. They use a simplified governance approach in often complex environments as they strive to create and preserve shared value.

MTN is committed to the highest standards of governance, business integrity, ethics and professionalism. Corporate governance is the cornerstone of our business and ensures that we work responsibly as required by the King IV Report.

We deliver on our belief and ensure the relevance and sustainability of our business by monitoring the macro environment, the availability of appropriate capital inputs and our impact on these, as well as the needs of our stakeholders. All of these inform our strategy. This strategy enables MTN to maintain operational focus, underpinned by good governance, and deliver on our financial targets. Our governance processes ensure that we are a sustainable business and that we create and preserve value for ourselves and our stakeholders.

### Governance in the wake of COVID-19

As COVID-19 spread, the Board illustrated its leadership by actively engaging on the matter and providing the necessary stewardship to deal with the related uncertainties and emerging risks as well as the opportunities brought about by the pandemic. It met with management several times to provide direction in managing the situation, taking into account all key stakeholders in all the geographies in which MTN operates. From a governance perspective, we made numerous adjustments to enable the Company to be more agile and take decisions swiftly.



The health of all our stakeholders was of paramount importance, and therefore MTN heeded calls for social distancing and adhered to all government regulations. The move to entirely virtual meetings, digital signatures and working from home was challenging but necessary.

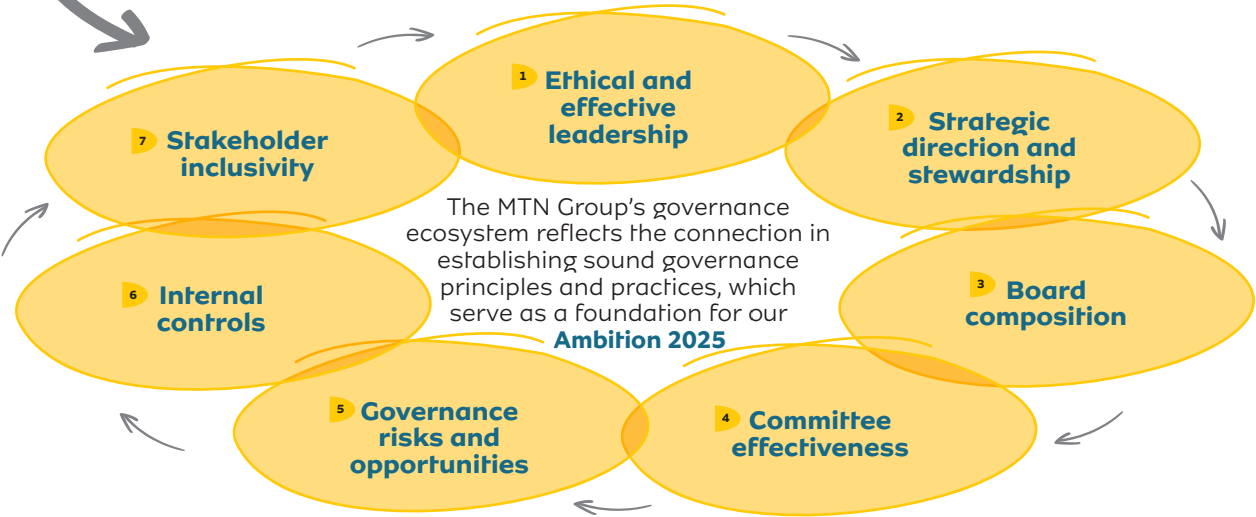
### New normal

In addition to health and societal factors, the Board monitored the economic impacts of the pandemic and adjusted and enhanced its operating strategies and governance processes to cope with its effects, while considering the best interests of MTN. The Board believes that MTN is well positioned to overcome the effects of the pandemic.

### Our governance philosophy framework, and ecosystem

The Board of Directors remains committed to good governance and international standards of best practice. It is committed to ensuring an unequivocal tone at the top that requires a commitment by all directors and employees to the MTN Group values, including that of integrity. More information on our application of the King IV principles is set out in the King IV assessment Report **KIV** on the website.

This commitment ensures that MTN monitors and addresses all governance issues within its operating units. Our governance framework facilitates transparency, accountability and sustainability, thereby ensuring success for MTN Group and our stakeholders.



# Governance in action continued

## Board composition

Although 2020 was challenging in many respects, the year represented a new chapter for the MTN Group Board, with a new Chairman and an opportunity to evolve and refresh the Board's skills and diversity. Details of the make-up of the Board and its committees are set out on page 53. The Board is comfortable that it has the requisite skills and experience across its committees to discharge its fiduciary responsibilities.

As we began 2020, we made a number of changes to the composition of the Board. Some directors, including the Chairman and lead independent director, had stepped down in December 2019. (We reported on these retirements in our 2019 integrated report.) In April 2020, we bade farewell to three other long-serving directors, namely Peter Mageza, Dawn Marole and Koosum Kalyan, all of whom had chaired Board committees.

The 1 September 2020 saw the departure of Rob Shuter, Group President and Chief Executive Officer (GCEO), who had served since March 2017. The Group Chief Financial Officer (GCFO) Ralph Mupita was appointed as the new GCEO effective that date and the Company embarked on a rigorous exercise to fill the GCFO position. In the interim, on the recommendation of the Audit Committee, the Board appointed Sugentharen Perumal as Acting GCFO effective 1 September 2020. Effective 1 April 2021, Tsholofelo Molefe will take up the GCFO role.

Christine Ramon, Chairman of the Audit Committee, stepped down on 30 September 2020. The Board appointed Sindi Mabaso-Koyana as a director and to assume the role of chair of the Audit Committee with effect from 1 October 2020. Azmi Mikati, who has been a member of the Board since July 2006 has indicated that he will not be available for re-election at the next AGM.

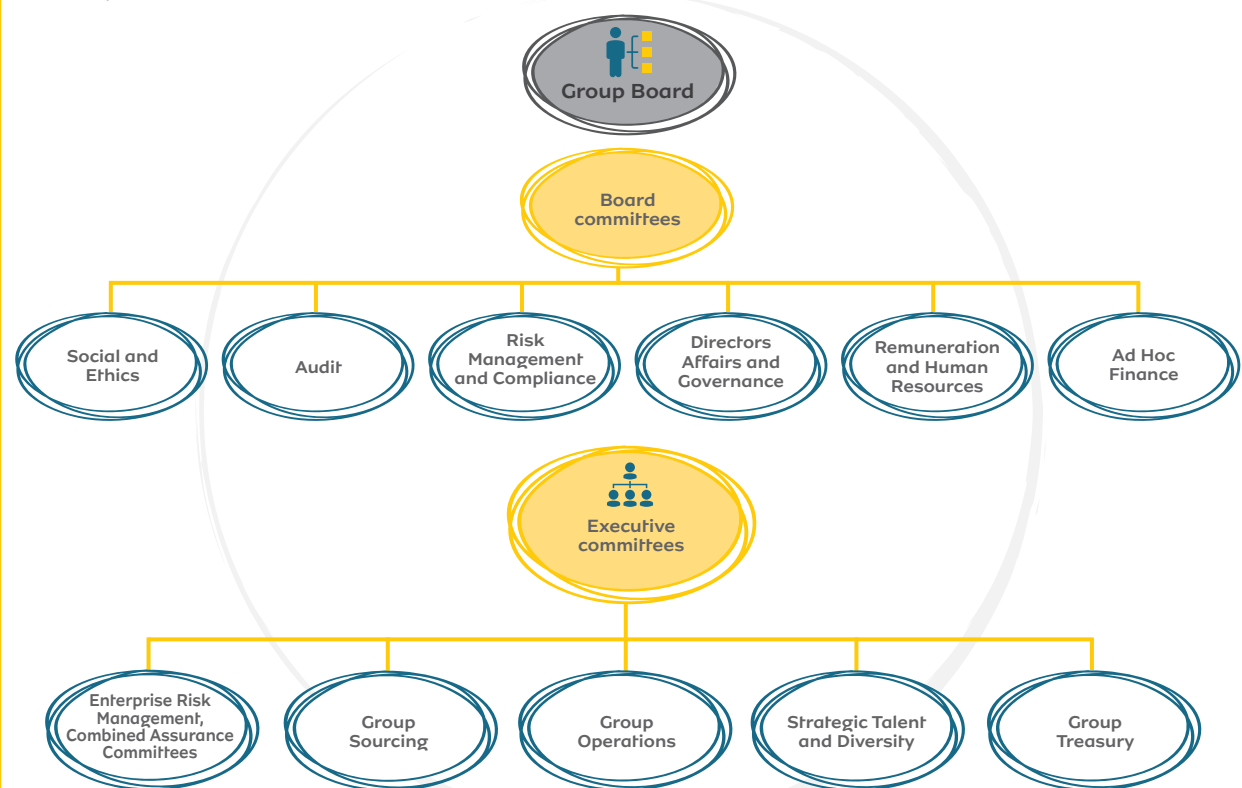
The Board has committed to fulfilling the following responsibilities:

- Delegating the management of MTN to a competent executive management team
- Ensuring that the management team defines and executes a robust strategy process
- Ensuring that MTN complies with its MOI and with appropriate laws, regulations and appropriate best practices
- Governing disclosures so that stakeholders can assess the performance of the Group
- Protecting the interests of MTN's stakeholders and ensuring fair, responsible and transparent people practices
- Overseeing the combined assurance and control function and ensuring that it informs management's development and implementation of the strategy
- Ensuring that innovation remains at the heart of MTN

The Board is comfortable that it has fulfilled the above responsibilities in the best interests of the Company.

## Committee effectiveness and oversight

Governance at MTN is structured in line with best practice and is substantially cascaded down to subsidiaries across the Group.



The Board of Directors has several Board committees to whom it delegates its authority with the mandate to deal with governance issues and report back to the Board 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. The operational governance framework and structure has evolved to align with **Ambition 2025** being the driving force on how the Company's operational governance should be entrenched to drive effective decision making by Group executives.

In 2020, following the departure of several directors, the committees were reviewed extensively. The Directors Affairs and Governance Committee and the Risk Management and Compliance Committee were established, replacing the Nominations Committee and the Risk Management, Compliance and Corporate Governance Committee. The membership of the committees is carefully considered by the recently constituted Directors Affairs and Governance Committee, taking into account the skills and expertise required for each of them.

# Governance in action continued



## Upholders of governance

### Committee membership and attendance

The Board considered the efficiency of each committee's terms relating to trends in governance, international benchmarks and best practice. Following a review, the Board is satisfied that in 2020 the committees effectively discharged their responsibilities.

The Group Executive Committee (Exco) facilitates the effective control of the Group's operational activities in terms of the authority delegated to it by the Board through the Group President and CEO. The Group Exco is responsible for recommendations to the Board on the Group's policies and strategy as well as being responsible for monitoring implementation.

MTN Group Board Members	Designation	Other directorships	Committee membership					Attendance	
			DAGC	AC	RC	REM	S&E	Board	Special Board
Mcebisi Jonas	Independent NED – Chairman	One of four independent Presidential Investment Envoys to attract investors to South Africa. NED at Northam Platinum, BKB and Sygnia Group.	○			△		4/4	5/5
Khotso Mokhele	Lead Independent NED	Director of various companies in MTN Group. Chairman of AECI. NED at Hans Merensky Holdings and Delta Zero Corp.	△			○	△	4/4	5/5
Swazi Tshabalala	Independent NED	Director of various companies in MTN Group. CFO and Acting Senior VP of African Development Bank.	△	△		△		3/4	3/5
Stan Miller	Independent NED	Director of various companies in MTN Group. Executive Chairman of AINMT AB Sweden (Access Industries), CEO of Leaderman NV (Belgium) Leaderman SA (Lux). NED at MTS OJSC Russia.			△		△	4/4	5/5
Nkululeko Sowazi	Independent NED	Chairman of Bud Chemicals and Minerals, Botswana Soda Ash and Bayport Financial Services South Africa. NED at Bud Group, IQ Business South Africa, Grindrod Ltd and Tiso Blackstar Group SE(UK). Co-founder trustee of Tiso Foundation. Chairman of Housing for HIV Foundation.	△			△	○	4/4	4/5
Vincent Rague	Independent NED	Director of various companies in MTN Group. NED at City Lodge Hotels, Pan African Infrastructure Fund, UAP/Old Mutual Ltd. Chairman at Jambojet Ltd and FSDAfrica. Member of International Advisory Board of NYSE-listed Chubb P&C Insurance. Member on Global Advisory Council of Darden Business School.	△	△		△		4/4	4/5
Paul Hanratty	Independent NED	Sanlam CEO. Fellow of the Institute of Actuaries.		△	△			3/4	5/5
Azmi Mikati	NED	Director of various companies in MTN Group. CEO of M1 Group and director of various companies in M1 Group.	△			△		4/4	5/5
Shaygan Kheradpir	Independent NED	Director of various companies in MTN Group and MTS Group.			○			4/4	5/5
Lamido Sanusi	Independent NED	Director of various companies in MTN Group, Chairman of Babban Gona and Black Rhino Management Services.			△		△	3/4	–
Sindi Mabaso-Koyana^^	Independent NED	Executive Chair of The African Women Chartered Accountants Investments Holdings. NED at MTN Zakhele Futhi, Toyota South Africa, Sun International, Zenex Foundation, Phembani Group and Chairman of Advanced Group. Chair of Sugar Association of SA.		○				1/4	5/5
Nosipho Molope^	Independent NED	On the boards of Engen Limited, EOH Holdings Limited, Old Mutual Limited (jointly with Old Mutual Life Assurance Company (South Africa)), as well as South32 Coal Holdings Proprietary Limited.		△	△				
Noluthando Gosa^	Independent NED	Director of various companies in MTN Group. Chief Executive Officer of Akhona Group and is serving as a director on various companies where she is a shareholder. She is also a non-executive director of ArcelorMittal SA.		△	△		△		
Ralph Mupita	Executive director – GCEO	Director of various companies in MTN Group.						4/4	5/5
Tsholofelo Molefe^	Executive director – GCFO	Director of various companies in MTN Group. Risk Management and Compliance and Group Audit Committee (Permanent Invitee). Independent non-executive director of Curro Holdings Limited.							

^ Joined 1 April 2021.

^^ Joined 1 September 2020

#### Committees

DAGC Directors Affairs and Governance Committee  
AC Audit Committee  
RC Risk Management and Compliance Committee

REM Remuneration and Human Resources Committee

S&E Social and Ethics Committee

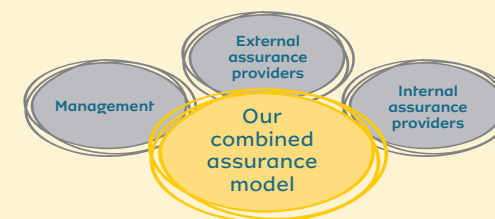
○ Committee chair △ Committee member

For attendance of committee meetings please refer to pages 26, 32 and 46 for committee reports.

## Internal controls

The Board and the Group Exco provide governance oversight using a combined assurance model that allows assurance to cascade throughout the Group in a consistent way. This model is implemented through all subsidiary companies to ensure that value is created for shareholders and other stakeholders. The Group Audit Committee is responsible for the oversight of the implementation of combined assurance.

The combined assurance model means there are numerous lines of defence to identify, prevent and mitigate risks and provide independent assurance to both the Group Exco and the Board either through the Group Audit Committee or the Group Risk Management and Compliance Committee. The model is implemented as follows:



# Governance in action continued

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## A competent and diverse Board

Our Board comprises a suitable balance of knowledge, skills, experience, diversity and independence to carry out its governance role and responsibilities objectively and effectively. The details throughout this report give the Board's composition as at 1 April 2021. The Board has a policy evidencing a balance of power, with no individuals yielding unfettered power over the Board as a whole.

### Ethical and effective leadership

The Board strives to provide effective and ethical leadership to ensure that the Company acts in a responsible manner that will enhance stakeholder value and ensure MTN Group's long-term sustainability. The directors understand that they should individually and collectively exercise their fiduciary duties ethically and in good faith and assume collective responsibility for steering the Company and setting its strategic direction.

### Independence of directors

The Board is led by an independent Chairman, Mcebisi Jonas, whose role is separate from that of the Group President and CEO. Most Board members are independent non-executive directors, in line with King IV™ requirements.

A lead independent director (LID), Khotso Mokhele, considers, reviews, evaluates and provides oversight over related-party transactions and ensures transactions are fair and in the best interests of MTN. The LID is also appointed to guide the Board should a situation arise where the Chairman is not available or may have a conflict of interest.

Executive and non-executive directors



### Diverse set of skills

The areas identified through our skills assessment process as requiring strengthening are in the digital and fintech space, as well as sustainability. Accordingly, the Board will work to attract and retain more directors with those skills, which are aligned to MTN's growth trajectory.

In 2021 and beyond, MTN intends to cascade its diversity and transformation imperatives to operating entities in a phased approach that will ensure that diversity is embedded throughout the opco boards. To enhance the Board's effectiveness, and in keeping with MTN's growth trajectory, the Board wishes to retain additional skills and expertise in the digital and fintech sectors. This is a key focus for the Board.

### Gender and diversity

MTN has a policy on broad Board diversity and understands that the diverse perspectives of directors allow for proper strategic oversight as well as robust deliberation during Board meetings. Therefore, it has always been the intention of the Board to focus on its diversity and transformation imperatives. This would include broad diversity such as improving the representation of women on the Board and ensuring that an acceptable number of all races/ages and skills are represented on the Board.

Having a competent and experienced black African CEO has been a step in the right direction towards MTN's diversity imperatives.

The Company has also been focused on attracting capable and experienced women to the Board.

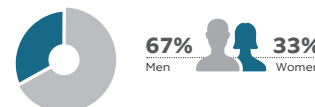
#### Race

Maintain a mix of race and cultures representing the stakeholders in the various communities who interact with the Company. MTN target is to maintain 50% of historically disadvantaged members.



#### Gender

Promote an appropriate balance in the views of the Board and to improve the representation of women at MTN. The target is to maintain a minimum of four female Board directors.



#### Nationality

Solicit ideas from various parts of the world and provide the Board with a contemporary and global perspective and MTN maintains an appropriate mix of nationalities.



### Skills and experience of the Board (%)



### Age distribution and tenure

#### Tenure of non-executives

Ensure that there is an appropriate mix of institutional knowledge and experience and fresh new perspectives. If > nine years on the Board, MTN reviews every year and presents to the shareholders at the AGM for re-election.



#### Age distribution

Ensure that there is a young and dynamic leadership to complement the experience and institutional knowledge of the seasoned directors. MTN maintains an appropriate mix of ages.





# Governance in action continued

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## Ensuring continued effectiveness and improvement

### Board evaluation

In the wake of the various global corporate scandals and macroeconomic challenges, to keep the Board accountable and ensure its efficacy and efficiency, it regularly undergoes a Board evaluation. This is to assess the skills and competencies of individual directors and the efficacy of the Board as a whole on elements that include ethical and effective leadership and culture.

In 2020, international governance institution IMD performed an external Board evaluation.

### IMD Board evaluation 2020

The Board evaluation, conducted by IMD, provided confirmation that the MTN Group Board has considerable strengths that serve as a solid basis upon which to build and leverage, including integrity, diversity, industry expertise and the high level of commitment from its directors.

The evaluation highlighted a few observations and findings. MTN believes that effectively communicating these findings indicates MTN's maturity and commitment to embracing a culture of transparency and accountability.

### People

**Composition:** The Board is composed of members with strong overall knowledge of the industry and technical expertise, while the Board's overall skill coverage was considered strong, it was perceived as concentrated, notably in the areas of finance and telecom. It was found that the expertise in fintech, digital and regulatory are potential areas to strengthen the Board's composition.



**The Board is looking to retain more skills in the area of fintech and digital.**

**Diversity:** The quality of the MTN Group's Board is enhanced by its diversity in terms of professional background, personality and opinion, however gender diversity should continue to be an area of focus, and has demonstrated impact in several important areas.



**With the addition of four female directors, in the recent months, the Board is already addressing diversity to a large extent and will continue to review other factors pertaining to diversity.**

### Structure

Overall, there is a perception that the current roles (scope), structure (committees) and processes of the Board are well aligned with its responsibilities, however moving with the key strategic areas for MTN, more focus will be placed on upskilling directors on ESG and climate change priorities. A technological committee on the Board should also be considered, since technological discussions would benefit from greater focus and more systematic coverage of specific topics.



**This work is already in progress with ESG issues being placed at the core of the strategy and technology discussions being elevated at Board level for review and discussion. In addition the Board will be upskilled on various technology-related topics.**

### Processes

#### Strategy process

The Board's strategic capability was assessed as strong, with a solid ability to set the strategic direction for the organisation. To enhance the process, the Board needs to build a more systematic way of monitoring execution, with a strong focus on strategic alignment among the Group Board and the subsidiary boards.

**Subsidiary Governance:** There is a need for greater understanding of the governance challenges of each of MTN's top subsidiary boards. The degree of co-ordination and congruence of the Group Board and its operating company boards could also be further enhanced.



**The Group has designed greater opportunities for interactions between the members of the Group Board and the subsidiary boards to increase exchange across the Group with the introduction of the Chairmen's Engagement Forum and the strengthening of existing Committee workshops between Group Board members and subsidiary board members.**

### Board development and training

The Board recognises that in order to remain effective, it must induct, develop and change its members from time to time to suit the Company's needs. Accordingly, the Group Company Secretariat has a structured induction and development programme that seeks to equip new directors with understanding of the strategy and the complexities of the business. The programme also includes ongoing training for all directors on various matters related to their role to assist them to act with due care, skill and diligence. In 2020, we onboarded one new director and Chairman.

By keeping informed of developments in the business and global trends, directors are able to exercise courage in taking appropriate risks and capturing opportunities in a responsible manner and in the best interests of MTN Group.

In 2020, directors adapted well to virtual instead of face-to-face meetings, but this did not compromise the quality of the programmes.

## Governance in action continued

### Executing on the Board's mandate

The Board meets on a quarterly basis in line with the Group reporting cycle. Each Board meeting follows an agenda that has been set and agreed by the Chairman, CEO and Company Secretary with documents for discussion loaded on a Board pack platform for previewing. Meeting discussions are usually around the current performance, risks and opportunities, governance updates and regulatory matters for consideration, as well as in-depth discussions around execution of the strategy. During the year there were five special Board meetings, one Board strategy session and one budget discussion meeting. The meetings were well attended by Board members.

### Strategic direction

The Board held its annual strategy sessions in April and July 2020, where it applied its mind and constructively interrogated proposals presented by management. The COVID-19 pandemic was central to the deliberations. It was clear that there was a need to focus not only on managing the risks of COVID-19, and assisting those in our markets, but to also consider the opportunities created by accelerated digitalisation.

Strategy sessions are an important part of the Board's annual workplan and give direction to the Company's long-term and mid-term strategy. More information on the approved strategy is set out on page 10.

Below is a summary of Board focus areas in 2020. As previously announced, one of the Board's key focus areas in 2020 was the Asset Realisation Programme, which aims to reduce debt, simplify MTN's portfolio, reduce risk, improve returns and realise capital of at least R25 billion over three years.

In addition, the Board also considered the plans and granted its authority to management to divest the Middle East assets, as well exploring the opportunities to expand into other parts of the African continent in markets such as Tanzania and Ethiopia.

### Q1

- Approved the 2019 AFS, Integrated Report and notice of AGM.
- Reviewed the Group's performance and key priorities.
- Declared final dividend.
- Approved Board charter and committees' terms of reference.

### Q2

- Approved the COVID-19 strategy and proposed implementation.
- Reviewed the Group's performance and key priorities.
- Reviewed and approved ARP.
- Reviewed ESG matters, including sustainability reporting and climate change approach.

### Q3

- Approved interim financial results.
- Reviewed and approved MTN Group strategy.
- Reviewed the Group's performance and key priorities.
- Reviewed COVID-19 management.
- Reviewed implementation of localisation plan.
- Reviewed ARP and portfolio review.

### Q4

- Approved the budget and strategic business plan.
- Approved appointments to the Board.

# Governance in action continued

## Focus on ESG – ESG at the core

In 2020, MTN made considerable strides in better understanding the matters pertaining to sustainability and in ensuring that ESG matters are carefully considered in respect of the way the Group operates. The strategic repositioning reflects this – we adopted 'create shared value' as a strategic priority, a vital enabler of which is 'ESG at the core'.

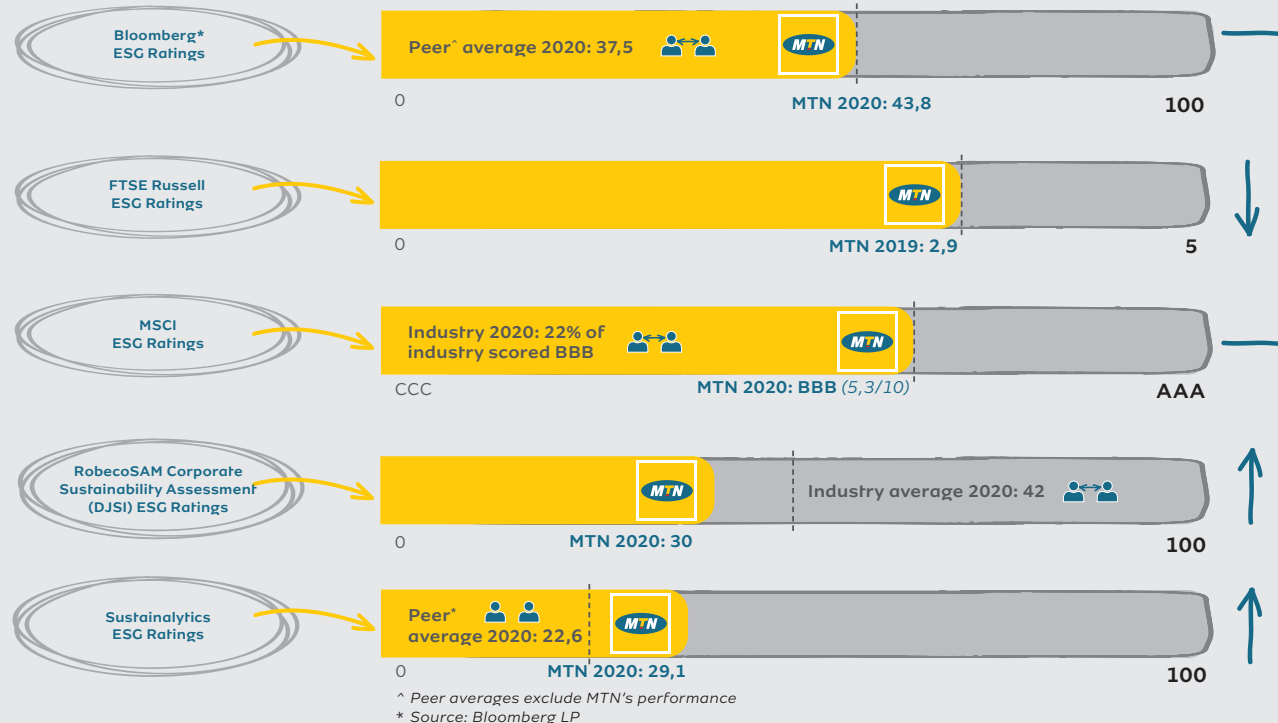
The Board took part in training from the JSE Limited on ESG matters, aiming to assist management in better connecting with global ESG issues linked to the day-to-day operations, strategy and risk profile of the Group. An important development in this respect was the appointment of the Chairman of the Social and Ethics Committee as the Climate Change Director for the Group.

A significant ESG milestone was the publishing of MTN Group's first Transparency Report in October 2020, which was well received. This is in addition to the Group's annual Sustainability Report, which is published every year in March.

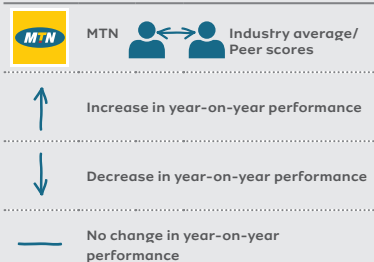
The Board has identified strategic areas in MTN's ESG credentials which can be improved upon by focusing on the Group's approved ESG framework, with clearly defined priorities and target dates. This work is ongoing and will progress in 2021.

MTN deems ESG management and performance as an opportunity to implement our vision of creating shared value for all stakeholders through responsible economic, environmental and social practices. MTN's ESG performance is rated by several firms and is an important proxy for stakeholders regarding MTN's management of key ESG topics, including sector-specific matters. During 2020, MTN established a baseline across priority firms that rate MTN's ESG performance, with the aim of developing an action plan to improve our rating in the coming years. MTN's latest scores across these firms are presented below in relation to peer or industry performance. As a critical step to ensuring its progress in the Group, improvement in ESG has been added as a KPI for the Group CEO.

### MTN ESG ratings



#### Key:



# Governance in action continued

01

All about  
MTN

02

How we  
create value

03

Strategic and  
financial review

04

Governance and  
remuneration

## Listening and responding to our stakeholders

### 25th Annual General Meeting

As part of our comprehensive response to the pandemic, the Company held its first virtual AGM. It was important to make the change and enhance the way we communicate with our shareholders, within the perimeters of the Companies Act.

Held on 21 May 2020, overall, the AGM was a success but there were also learnings to implement at the next AGM. There is no doubt that such virtual meetings will continue and we will work on those areas that require improvement.

### Governance roadshow

In May 2020, the Company held a virtual governance roadshow with shareholders to discuss – among other matters – the 2020 AGM notice and to respond to broader governance concerns.

Group Chairman Mcebisi Jonas and Khotso Mokhele, the Chairman of the Remuneration Committee and Lead Independent Director, attended the roadshow. We were delighted with the broad participation of shareholders. The interactions were constructive and the feedback was well received. We expect to continue to conduct a governance roadshow annually.

## Directors' dealings

In keeping up with good corporate governance practices, MTN strives to protect the organisation and its representations by setting out key share dealing processes. MTN must further ensure that these processes are not only watertight, but they must also be transparent. 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 trading in shares require the prior approval of the Chairman of the Board.

## Group Secretary

The Board is assisted by a competent and suitably qualified Group Company Secretary, Thobeka Sishuba Bonoyi.

The Group Company Secretary has an arm's length relationship with the Board. Her performance is assessed on an annual basis. Following her assessment in 2020, the Board is satisfied that she has the competency, qualifications and experience to provide the Board with sound governance advisory and stewardship assistance.

To align with the renewed strategy, the Group Company Secretariat function is re-evaluating and improving its operating model across the Group to ensure that the department is fit for purpose, independent and adequately resourced.

## Conflicts of interest

MTN recognises that the management of conflicts of interest is of high importance in promoting ethical conduct and in protecting the integrity of MTN decision-making processes.

Accordingly, directors and employees are encouraged to act in a responsible and ethical manner, taking into consideration MTN Group's best interests. They are required to complete a declaration of any declarable interest at the start of each year.

Following the revision of the conflicts of interest policy in 2019, in 2020 the focus was on embedding the policy throughout the Group, with the Board and management setting the tone from the top.

The policy provides guidance and mechanisms for the identification of conflicts of interest and provides measures for the disclosure, mitigation and/or management of such conflicts. The policy also regulates the relationship between MTN and its employees, directors, suppliers and service providers.

There has been significant improvement in the understanding of the process: this has been as a result of the awareness created with the MTN Conduct Passport and the guidance framework provided to employees and rolled out in all operations.

<https://www.mtn.com/sustainability/our-positions/>

## Board appointments

All our Board appointments for 2020 were conducted through a formal and transparent process, guided by an approved policy and assisted by the Directors and Corporate Governance Affairs Committee in consultation with the Group Secretary.

The Director Appointment Policy includes the criteria for appointments and also considers the diversity imperatives for the Company.

The appointments will be subject to shareholder approval at the forthcoming Annual General Meeting to be held in May 2021.

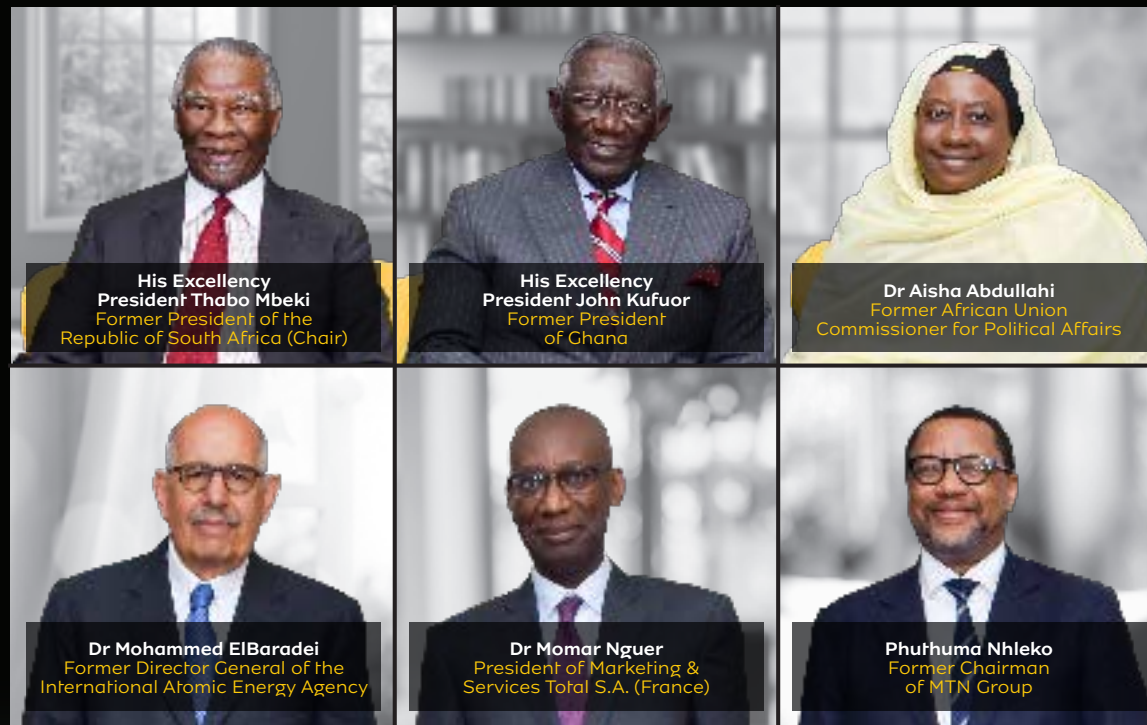


# Our International Advisory Board

Our International Advisory Board (IAB) was established in 2019 and comprised of eminent persons to counsel, guide and support the MTN Group. Its non-statutory in nature and without any fiduciary responsibility, the IAB meets twice a year, assisting MTN in creating shared value by further developing connectivity and digital and financial inclusion across Africa and the Middle East.

The IAB shares its perspectives on geopolitical matters which impact on the continued development of the regions in which we operate. It also assists MTN in our work to be a responsible and exemplary corporate citizen.

The mandate of the IAB does not include operational matters.



## Focus areas in 2020

In 2020, the IAB met twice, virtually, in May and December. Among the key matters on which it deliberated and gave its perspectives were:

- the impact of COVID-19 on our markets and ways to best manage this, including advocating for a campaign – #WearItForMe – to raise awareness about the importance of wearing a face-covering to limit the spread of the virus
- various geopolitical matters, such as the US elections, sanctions in several markets and MTN's strategy to 2025 and beyond.

## Fees

The annual fees for each member of the IAB are US\$100 000. The fee for the chairman of the IAB is US\$150 000.

# Our Executive Committee

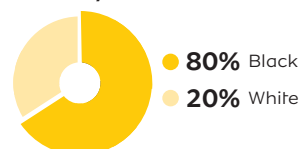
The Executive Committee facilitates the effective control of the Group's operational activities in terms of its delegated authority approved by the Board. The Executive Committee is responsible for recommendations to the Board on the Group's policies and strategy and for monitoring its implementation in line with the Board's mandate. It meets at least monthly, and more often as required.

A key achievement in 2020 was the improved diversity of Group Exco. Exco now consists of three women, with a fourth set to join in 2021. It also has a mix of nationalities, ages and skills.

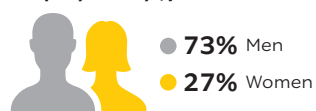
## Prescribed officers

During the year we reviewed the way in which we identify and appoint prescribed officers. We did this in line with our Prescribed Officer Policy and Regulation 38 of the Companies Act. We defined prescribed officers as those who exercise general executive control over and management of the whole, or a significant portion, of the business and activities of the Company; or those who regularly participate to a material degree, in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the Company.

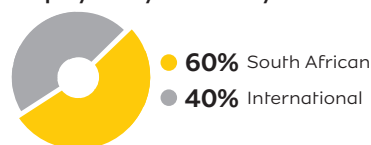
### Diversity



### Employees by gender

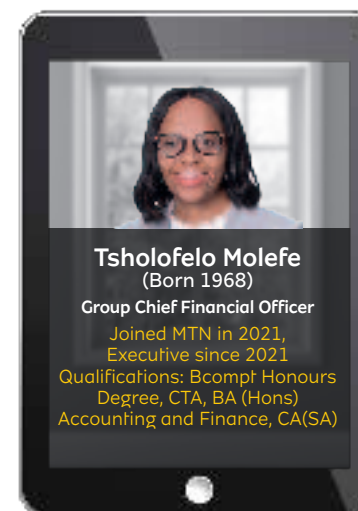


### Employees by nationality



### Age distribution

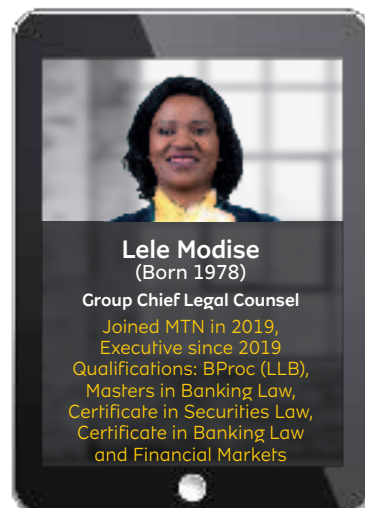
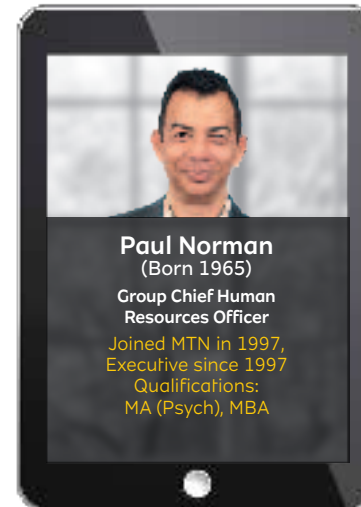
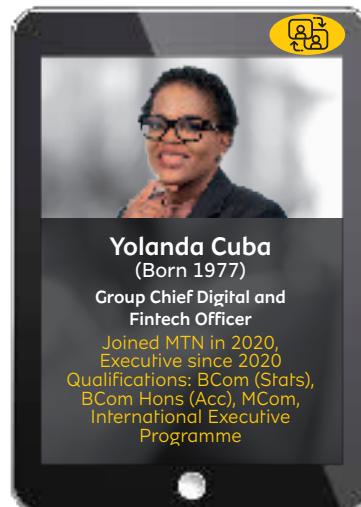
35-40	41-45	46-50	>50
1	4	3	7



### Group changes:

Ebenezer Asante became VP for WECA effective from 1 January 2021; Yolanda Cuba was appointed VP for SEA, effective 1 January 2021; Serigne Dioum assumed the role of Group Chief Digital and Fintech Officer, joining Exco on 1 January 2021; Kholekile Ndamase was appointed Group Chief M&A and Business Development Officer, joining Exco on 1 January 2021; Karl Toriola became MTN Nigeria CEO effective 1 March 2021; and Ferdi Moolman assumed the new role of MTN Group Chief Risk Officer on 1 March 2021.

# Our Executive Committee continued



<sup>\*</sup> On Exco from 1 September 2020 to 31 March 2021.



# Remuneration report



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### Structure of report

To improve the understanding of remuneration matters, we have amended the structure and content of the report to enhance the clarity of policies.

The report is structured in three parts in line with the guidance of the King IV Report on Corporate Governance™\* in South Africa 2016 (King IV).

### The Remuneration Committee at a glance

The Group Remuneration and Human Resources Committee (Remco) has been mandated by the Board to independently oversee and approve the remuneration policies and human resource approach for MTN to ensure these are fair, consistent, compliant and provide objective, independent and constructive view of the Company's plans and decisions. The committee is responsible for evaluating and recommending to the Board critical strategic remuneration decisions.

In ensuring fair and responsible remuneration by the Group, the committee comprises six independent non-executive directors (NED). The collective skills and experience profile of the Group Remuneration Committee members includes telecommunications, finance, managing businesses in Africa and the Middle East, human capital, remuneration and risk management.

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# Remuneration report continued



## Chairman's review

### Dear shareholders

On behalf of the Board, I am pleased to present our remuneration report for 2020.

It has been a challenging year for the committee with the COVID-19 pandemic and the duty of supporting our people through its impacts. We have also put a lot of work into ensuring our shareholders' concerns regarding remuneration and disclosures are appropriately addressed.

### COVID-19 pandemic

The onset of the COVID-19 pandemic has created unprecedented uncertainty, impacting lives and livelihoods globally. From early 2020, our focus has been to safeguard the health and wellbeing of our employees and their families, while managing the economic and operational challenges facing our business.

In protecting our employees, multiple interventions across our footprint were implemented, including driving awareness of the pandemic. We also established a COVID-19 relief fund to provide support for staff who were impacted by the pandemic and required financial assistance.

It has been a **challenging year for the committee, managing the risks and impacts of the COVID-19 pandemic. We also placed a big focus on appropriately addressing the remuneration-related concerns of our shareholders.**

COVID-19 relief funds amounting to R21,8 million were raised through the generous voluntary contributions of our staff across the Group, Group Executive members and Group Board Directors. The contribution from Group Board and Group Exco members amounted to R8,7 million.

In addition, as it became evident that ordinary workplace practices were no longer practical, we approved and fully supported flexible and remote work options for employees as applicable and within limits to ensure that essential infrastructure services remained running.

### Business performance

From a business perspective, our Group results highlighted resilient performance in difficult trading conditions during the year ended 31 December 2020.

These results were achieved against the backdrop of unprecedented volatility due to COVID-19 as well as ongoing flux in our regulatory and legal environments. Notwithstanding the challenges, MTN continued to progress in driving further digital and financial inclusion, guided by our belief that everyone deserves the benefits of a modern connected life.

### Performance, reward and culture

Beyond the business performance, our consistent engagements with employees through various online platforms bore fruit as reflected in the positive sentiments expressed through the global culture audit (GCA) results. We achieved our highest ever perception ratings from employees mainly in the following areas:

- **Sustainable engagement score:** 81 percentage points (pp) (improvement of 1pp from previous year; and 2pp higher than the Global Telco benchmarks)

Members	Attendance at applicable meetings
Mcebisi Jonas	4/4
Khotso Mokhele	4/4
Swazi Tshabalala	3/4
Nkululeko Sowazi	4/4
Vincent Rague	4/4
Azmi Mikati	4/4

- **Pay & benefits score:** 53pp (improvement of 1pp from previous year; reduced gap to 3pp from Global Telco norm)
- **NPS for MTN as a great place to work:** +41% (Improvement of 14pp from previous year)
- **Employee experience of STI:** 2,46 out of 4 (improvement of 1% from the previous year)

Managing staff costs was a particular focus of the business during 2020, in light of COVID-19 effects. We therefore struck a balance between maintaining annual escalations within reasonable ranges, and ensuring that our people are rewarded for their hard work and dedication. No increases were awarded to Group Executive directors, and Group Exco members forfeited their increases.

Paying for performance remained at the core of the Group's philosophy, within the context of business performance. The Board was satisfied with the business financial performance. As a result, the following incentives were declared:

- **Short-term incentive (STI)** – we declared a performance bonus to all of our operations.
- **Long-term incentive (LTI)** – the Board approved the performance assessment of the conditions linked to the share allocation made in December 2017. Although the Group share price remained under pressure, resulting in nil achievement of total shareholder return (TSR) against the MSCI EM comparator group, satisfactory performance was achieved on cash flow and capital returns i.e. return on average capital employed (ROACE). Overall, we achieved 75% performance settlement, compared to 25% in the prior year vesting.

# Remuneration report continued

## Shareholder engagements

The remuneration committee (Remco) took heed of the comments, inputs and feedback from various shareholder institutions received in the 2020 annual general meeting (AGM) and from other investor engagements undertaken during the year.

As we did not receive the minimum 75% of votes in favour of our remuneration policy and implementation report, we responded by engaging openly with our shareholders on the concerns and feedback. In addition to the Governance roadshow held on 7, 8 and 12 May 2020 – during which the Group Chairman and LID interacted with 13 of MTN's largest institutional shareholders – we also held a follow up meeting on 20 August 2020 that had been announced on the JSE SENS. Over and above discussing the 2020 AGM notice and broader governance issues, the engagements were aimed at identifying any gaps in our remuneration design and disclosures, in order to enhance our remuneration reporting and implementation.

MTN regularly reviews and, where feasible, adopts best practices and responsible remuneration governance based on local and global benchmarking and research. Aided by these engagements with shareholders, I am pleased to report the following enhancements to some of our remuneration elements and policy:

- (i) Effective from 1 January 2021, we introduced the minimum shareholding requirement (MSR) standards for members of the Group Exco.
- (ii) While the malus and clawback provisions were introduced to our LTI scheme in 2017, we have now introduced similar provisions for our STI scheme as well.
- (iii) We revised our LTI performance share plan condition by replacing the return on average capital employed (ROACE) with return on equity (ROE), which is aligned with our medium-term guidance framework.
- (iv) Effective from 2021, we redefined our STI revenue performance condition to be measured on service revenue, which is aligned with targets provided in our medium-term guidance framework.
- (v) Effective from the December 2020 share allocation, we excluded the non-performance-based retention element as a condition under the performance share plan for our Group Exco members.
- (vi) Disclosure enhancements were made on non-executive director (NED) fees and general executive remuneration benchmarking.
- (vii) We have increased disclosure detail on both STI and LTI payments by providing a retroactive breakdown of the goals, the achievements against these goals and corresponding payments linked to these goals.

Further details of these improvements are provided on pages 68 and 69 of this report.

The committee is positive that these changes will go a long way to improve shareholder sentiments on remuneration policy, decision-making and implementation. We remain committed to pursuing continuous improvement and innovation in our reward practices as we navigate 2021.

I further wish to give an outline of the key people outcomes for the year.

## Gender diversity

The representation of women in the broader business as well as senior leadership is a key focus of the committee and the Board. On this front, we have made steady progress at MTN in recent years and women, made up 51% of all MTN company recruits and 58% of the graduates employed in 2020.

Within our senior management leadership, the representation of women in the top roles (Exco) improved by 19pp to 27%, from 8% in 2018. This figure rises to 29%, with the inclusion of our new Group Chief Financial Officer (GCFO). In our recruitment, we actively pursue improvements in women representation as we strive towards our target.

## Leadership

To support the Group's strategy execution, we announced the following appointments:

- Tsholofelo Molefe was appointed as the new GCFO effective 1 April 2021.
- Ebenezer Asante was appointed the WECA Vice-President, effective 01 January 2021.
- Yolanda Cuba was appointed as the SEA Vice-President, effective 1 January 2021.
- Serigne Dioum was appointed as the Group Chief Digital and Fintech Officer, effective 1 January 2021.
- Kholekile Ndamase was appointed as the Group Chief Mergers and Acquisitions and Business Development Officer, effective 1 January 2021.

These executive changes followed the prior announcement of Ralph Mupita's appointment as Group President and CEO, Karl Toriola as CEO designate of MTN Nigeria, and Ferdi Moolman's as Group Chief Risk Officer.

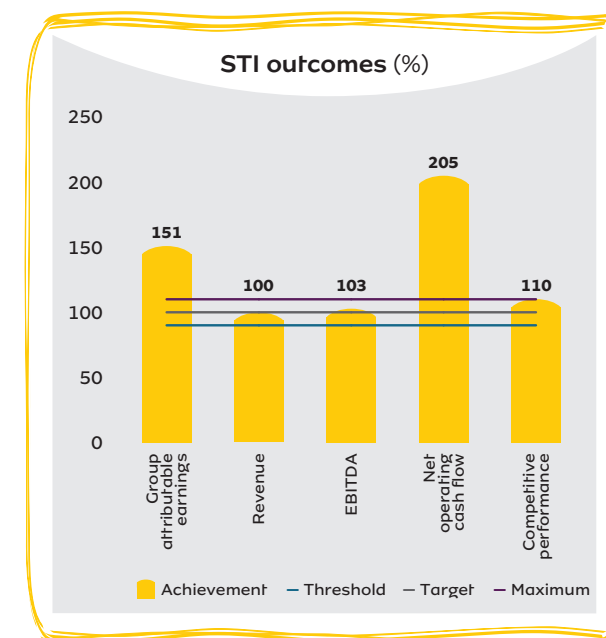
## 2020 pay reviews

For 2020 pay reviews, we approved 0% increase for executive directors. For non-executive management, an average of 2.5% was approved and for non-management employees an average of 4% was approved. Expatriate employees were allotted 1.11% increase and no increase was awarded for NED fees except for those below the median who were adjusted to the median.

These decisions were not only aligned to our remuneration philosophy but also cognisant of the expectations of our many stakeholders to manage remuneration cautiously amid COVID-19.

## 2020 STI outcomes

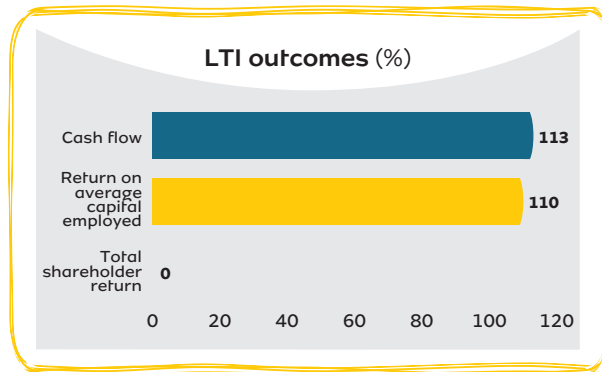
The board was satisfied with the 2020 performance outcomes. As such, performance bonuses were paid across all operations. Below highlights the company performance outcomes used to determine the bonus paid to group employees.



# Remuneration report continued

## 2020 LTI outcomes

The allocation of shares made in December 2017 matured in December 2020. An illustration of the performance conditions achievement is illustrated here:



Overall, the performance outcomes were approved by the committee as a fair and true reflection of the Company. 75% of the shares allocated vested for the then CEO (Rob Shuter), 75% vested for the current CEO (Ralph Mupita), and 75% vested for the COO (Jens Schulte-Bockum). All other employees equally received a 75% vesting of their shares.

I thank you for your support and continued feedback and look forward to future engagements.

*KHOTSO*

**Dr Khotso Mokhele**

*Chair: Group Remuneration and Human Resources Committee (Remco)*

23 April 2021

**Mandate:** The Remuneration and Human Resources Committee oversees the formulation of a remuneration philosophy and human resources approach. The committee ensures that MTN remunerates fairly and transparently. It also ensures that MTN employs and retains the best human capital for its business needs and maximises the potential of its employees.



# Remuneration report continued

## Part I – Overview

### Background statement

This remuneration report focuses on the fixed and variable elements of the executive directors and prescribed officers' remuneration as well as fees paid to NEDs. This is in keeping with the commitment to fair, responsible and transparent remuneration and remuneration disclosure in terms of the Companies Act and JSE Listings Requirements, as prescribed by King IV, principle 14.

### Shareholder voting

At the 2020 AGM, MTN received a 59,70% non-binding advisory vote on the Company's remuneration policy and 66,80% non-binding advisory vote on the Company's remuneration implementation report, falling short of the requisite 75%.

Votes	For (%)	Against (%)
Remuneration policy		
21 May 2020	59,70	40,30
23 May 2019	82,20	17,80
24 May 2018	93,80	6,20
Implementation report		
21 May 2020	66,80	33,20
23 May 2019	78,52	21,48
24 May 2018	68,17	31,83

As required by King IV and the JSE Listings Requirements, we issued a SENS announcement regarding the outcome of the voting results and invited shareholders to engage with us regarding their concerns. We scheduled collective and individual engagements with relevant shareholders to record first-hand their concerns and objections. Once all the objections were received and understood, all responses were consolidated and a special committee meeting was scheduled to analyse the issues raised with the aim of formulating enhancements to policy and implementation where required.

We developed a formal response and shared this with the shareholders who had expressed concerns.

### Report enhancement

Through our ongoing engagement with stakeholders, we have noted concerns raised and made the following enhancements to the remuneration report:

Shareholder concerns and requests	Addressed	Link
1. More transparent KPI disclosure.	Yes	Pages 74, 75, 78, 87-89
2. Benchmarking remuneration decisions.	Yes	Pages 69, 81
3. Linking ROIC to executive remuneration.	Yes	Pages 68 and 78
4. Removal of non-performance-based condition for LTI retention.	Yes	Pages 78 and 89
5. Application of deferral to both STI and LTI.	Yes	Page 69
6. Detail on MTN's minimum shareholding requirements.	Yes	Page 69 and 84
7. Detail on malus and clawback with regard to departing CEO.	Yes	Page 69
8. Restraint of trade implications for outgoing CEO.	Yes	Page 69
9. Remuneration changes amid COVID-19.	Yes	Page 64
10. Bundling of voting on non-executive directors.	Yes	Page 68
11. Rationale for use of different currencies for non-executive directors' fees.	Yes	Page 82
12. Rationale for fee differentiation between non-executive directors and members of the IAB.	Yes	Page 69

# Remuneration report continued



## Shareholder comment/concern

### Long-term incentives

Inclusion of a non-performance-based (retention) condition for an LTI performance scheme.

### Disclosure of performance indicators

Better transparency in respect of performance targets used for executive remuneration.

### Linking incentives to capital returns

Linking return metrics as key KPIs for executive remuneration

### Non-executive director fees (1/3)

Bundled NED proxy voting at the AGM makes it impossible to oppose or support specific underlying resolutions.

### Non-executive director fees (2/3)

Clarity and explanation of why MTN pays different fees for 'local' vs 'foreign' NEDs; including rationale for paying these fees in foreign currency when the Company reports in local currency.

## Remuneration Committee response to query

- We have conducted research and benchmarking based on the top JSE-listed companies and found that non-performance-based conditions are not common practice for senior executive employees who need to primarily focus on driving company performance.
- Effective from the December 2020 allocation, we have implemented a policy that excludes the retention element in the performance share plan (PSP) allocation for all members of the Group Exco. Refer to page 78 for details of the awards' conditions for year under review.

- The proposal from shareholders to disclose performance conditions ex-ante (before the fact) was investigated through the benchmarking of other top JSE-listed companies. The committee found that this was not common practice and resolved that disclosing actual budgets and performance targets presents the risk of publicly disclosing sensitive strategic information.
- In order to enhance disclosure and transparency on performance against targets, however, the committee resolved that performance conditions would be disclosed ex-post (after the fact) as this information would then be publicly available. Therefore:
  - For LTIs, once shares are vested, we now disclose the actual three-year budget, the performance against budget and remuneration thereof paid to executives; and
  - For the STI scheme, we will disclose the broader company performance achievements and corresponding hurdles and remuneration paid thereof.

Refer to pages 74 and 78 for more details.

- This proposal was considered good practice and found to be common among other companies benchmarked in our research.
- The committee resolved to replace the ROACE metric in the LTI PSP scheme with the ROE metric.
- Refer to page 78 for details of share allocation conditions made in December 2020.

- This concern was noted by the committee who resolved to replace the bundled voting methodology with an unbundled voting methodology in the proxy voting.

- We wish to clarify that the fee structure on page 82, disclosing both rand and other currencies, is done to accommodate instances where the Company appoints either local or international NEDs. In such circumstances, this approach minimises the need to conduct benchmarks and set fees at each appointment. Each director can only be remunerated under one of the currencies and not both.
- To attract international NEDs of the calibre required by MTN, an attractive comparable fee payable to international NEDs as benchmarked against international NEDs at local and foreign peer companies is taken. This differentiation, combined with the conversion to rand, however, may present a different impression.



# Remuneration report continued



## Shareholder comment/concern

## Remuneration Committee response to query

### Non-executive director fees (3/3)

Rationale behind the fee differentiation between the members of the MTN Group International Advisory Board (IAB) and the Group Board of Directors.

- The IAB was established as a non-statutory body with no fiduciary duties. Its primary purpose is providing global and/or sector specific perspectives that may enrich the perspectives of the Group and enhance the manner that it conducts its business and in its interactions with its stakeholders.
- The IAB's role is not intended to be congruent to the role of the Group Board and therefore the remuneration of the IAB members is not comparable to that of the Group Board. Its remuneration is nonetheless based on international benchmark standards of advisory bodies acting in a capacity similar to that of the IAB.

### Malus and clawback provisions

Understanding of malus and clawback provisions, including how this applies to CEO departures.

- Whereas the malus and clawback provisions had been in place for the LTI PSP scheme since 2017, it did not apply to STI awards.
- The committee approved that these provisions be extended to the STI performance bonus effective for the 2021 plan. A revised policy was approved by the Board. On departure, CEOs will equally be subjected to the malus and clawback provisions.

### Minimum shareholding requirement (MSR)

Clarity and detail of MTN's minimum shareholding requirements and their implementation.

- Remco reviewed and recommended to the Board for approval the adoption of the MSR for Group Exco members effective from 1 January 2021.
- Pursuant to this, the MTN Group Board resolved that the adoption of the MSR for Group Exco members, effective from 1 January 2021, be approved and spread over a period of five years as follows:
  - Group CEO 250% of annual package
  - Group CFO 175% of annual package and
  - Other Group Exco members 150% of annual package.

### Remuneration benchmarking

Understanding how the executive fixed-to-variable pay mix is benchmarked.

- There were no specific changes to the reporting of the details of the pay mix. However, MTN will review its reporting standards and improve on the reporting of the pay mix going forward.
- MTN maintains targeting the 50th percentile of market data as part of its review of executive and employee pay on a periodic basis. Any anomalies are reviewed, and any required action/s taken through internal salary review processes.
- We use the information obtained from the Company's approved survey providers to obtain benchmark information.

### Restraint of trade

Implications of MTN's restraint of trade agreements for the outgoing Group CEO.

- In light of Rob Shuter's move to British Telecom in 2021, MTN reviewed the terms of his contractual restraint of trade agreement. We believe that his future employment will not violate any of these terms, thus there will be no need for any compensation.
- In addition, Rob was placed on 'garden leave' from 1 September 2020 to 12 March 2021, further reducing any risk posed to MTN, its employees, customers and suppliers.

### Adoption of incentive deferrals

Deferral should apply to both STI and LTI to ensure alignment of executives with shareholders.

- The committee has commenced research on this issue, including benchmarking of its prevalence amongst the top JSE listed companies. This work is ongoing and will include a report to be presented to the Board for consideration.
- Once this work is completed, the committee will consider it along with its recommendations and pave a way forward which will be duly communicated with shareholders.

# Remuneration report continued

## Part II – Remuneration philosophy, policy and framework

### Policy and Governance Committee

MTN's remuneration policies aim to ensure that we remain relevant, align to recommendations of King IV and that we are benchmarked appropriately against best practice to maintain market competitiveness and alignment to our corporate goals.

In 2018 the committee mandated an internal policy and governance committee, made up of senior executive employees, to ensure that all policies are aligned to the broader organisational goals and properly documented and shared with employees. In 2020, we approved the following key remuneration decision and policy developments:

#### Policies and governance

The Board approved 17 Group HR policies in 2020, including reviewing and approving the revised acting, sales incentive, performance bonus, malus and clawback, minimum shareholder requirements, recognition and workplace flexibility policy in response to the evolving world of work.

#### Long-term incentives

We approved the grant of shares under the performance share plan for employees at managerial level and above. Allocations were made under the revised performance conditions where retention was excluded for Group Exco and ROE replaced the ROACE metric.

The grant of shares under the employee share ownership plan (ESOP) to nominated designated employees was also approved.

### Malus and clawback

In 2017, MTN adopted malus and clawback principles for its performance share plan (PSP) scheme. This policy has now been approved by the MTN Board to be extended and applicable to all employees participating under all MTN's long-term incentive schemes and its short-term incentive performance bonus scheme effective from the 2020 financial year.

Malus and/or clawback will be instituted for a trigger event during a participant's employment and remains legally enforceable even after the participant has left the employ of the Company for a period not exceeding ten (10) years from the date of settlement, payment or vesting, as may be applicable.

### Minimum shareholding requirements

The Board approved the implementation of minimum shareholding requirements for Group directors (CEO and CFO) and other members of Group Exco based on the following percentages spread over a period of five years:

- Group CEO 250% of annual package;
- Group CFO 175% of annual package; and
- Other Group Exco members 150% of annual package.

### Independent external advisers

All strategic reward decisions are prepared and guided by our executive management team for approval by the Group Remco. The committee has delegated approval authority at various levels, with its roles and responsibilities. The Remco contracted the services of PricewaterhouseCoopers (PwC) for independent external advice. The committee is satisfied with its independence and objectivity.



## COVID-19

In response to the pandemic, MTN established multiple interventions across its operations. These not only provided financial support but also included programmes to support the wellbeing and safety of employees and their families. Among the many initiatives, MTN implemented the following:

- Established a global staff care fund, funded by voluntary staff donations, for the benefit of employees in need. Contributions amounting to over R21m were received from employees, executives and NEDs. Included in these contributions were salary forfeitures amongst executive and employees.
- The Company amended certain benefits to enable employees to purchase PPE and home office equipment in supporting and facilitating work-from-home.
- At the beginning of the lockdown, around March 2020, MTN immediately extended its work-from-home flexibility programme across its footprint. Alongside this option, in South Africa, MTN increased its data allocation to employees from 30GB to 50GB a month.
- During the lockdown period, when there was limited movement for sales employees in particular, MTN provisionally revised its sales commission targets for lower-level sales employees and reallocated work schedules to ensure employees focused on keeping its core operations functioning.



# Remuneration report continued



The remuneration philosophy, policy and framework are key components of the HR strategy and govern the remuneration of executive management (executive directors and prescribed officers), non-executive directors and other employees in support of the overall business strategy.

MTN's remuneration philosophy is part of an interlinked, holistic and people-oriented talent approach, aiming to support our current and evolving business priorities. The competitive talent landscape demands a differentiated reward system, capable of competitively matching pay to performance, delivering fairly without bias, and is flexible yet compliant across all markets.

In aligning with the recommendations of King IV, we aim to continue disclosing the main provisions of our remuneration policies including how such remuneration was earned by prescribed officers and NEDs as defined by the Companies Act. In terms of the Act, a prescribed officer is a person, who:

- (a) **exercises general executive control** over and management of the whole, or a significant portion, of the business and activities of the Company; or
- (b) **regularly participates** to a material degree **in the exercise of general executive control** over and management of the whole, or a significant portion, of the business and activities of a company.

Our various remuneration policies approved by executive leadership and governed by our Group Remco, guide the decision-making processes and operationalising of all reward matters. It is our intent to deliver a legislatively compliant system aligned with the strategic objectives of the Company.

We review salaries annually with the aim of remunerating employees competitively within the appropriate occupational ranges and benchmarks. This philosophy is applicable to executive management and other employees against the national and telecommunications industry standards. This guides us in establishing market-related salary benchmarks and maintaining our competitiveness in the market with regards to the remuneration and benefits value proposition.

Aligned to the principle of fair and responsible remuneration, we continuously assess the congruence of internal pay differentials, particularly with respect to gender and race, and implementing measures to correct identified anomalies.

For our NEDs, we consider several factors when determining fair and equitable remuneration. These included the size of the organisation, the industry and complexity of the business, the number of meetings the NED is expected to attend, the time commitment required of the NED as well as the level of experience, skill and knowledge the NED brings to the Board. Further principles governing NED remuneration may be found on page 81.

Our remuneration philosophy and policies are supported by both external market surveys and internal pay data gleaned from our annual human resource budget reviews. This enables us to evaluate internal and external parity, employee performance, knowledge, skills, experience and business affordability to reach an appropriate remuneration figure. We continually review staff costs-to-revenue ratios and the alignment of each opco to approved budgeted ratios. For those markets with hyperinflationary economies this has proved to be challenging and remained an area of focus in 2020.

**Assessed against King IV and the amended Listings Requirements, the remuneration policy is based on the following principles:**



## Fair and responsible remuneration

MTN aims to ensure that remuneration provided to all employees is internally equitable and externally competitive. All elements of pay are influenced by market survey data and internal pay comparisons. Ensuring fair pay is based on the value of the job relative to other jobs of similar worth, this is aligned to the principle of responsible, fair and equal pay. We regularly review and benchmark our reward components using performance and level of work as a basis for differentiation and the basis for employee reward.



## An enabler of business strategic objectives

MTN's strategic objectives and our performance-based system through our short and long-term incentives are linked to achieving defined performance measures consistent with shareholder expectations over the short and long term. Both short and long-term incentive plans provide motivation for the achievement of positive outcomes measured using a balanced approach combining both financial and non-financial metrics measured across company, team and individual performance.



## Strengthen the culture and core values

We are a values-based and output-driven organisation. Recognising actions aligned to our vital behaviours is critical to our success.



## Attract, motivate, reward and retain our human capital

Our optimal pay structure comprises fixed and variable remuneration to drive the right focus both in the short and long term. We remain competitive on both elements and create a balanced fixed and variable remuneration providing a fair composition for each position. The ratio of fixed to variable differs, with the weighting of variable pay for executive employees being greater. Our pay mix ensures we deliver an effective performance-based reward system where the achievement of stretch targets is remunerated.



## Transparent, consistent remuneration

We promote transparent and simplified communication across all levels including external stakeholders and consistency across all operating units; acknowledging differentiation and customisation.

# Remuneration report continued



## MTN's rewards framework and components

Our total reward policies and structures are designed to attract, engage, retain and motivate our workforce. MTN considers total rewards and strives to achieve an appropriate mix for our employees. The diagram below illustrates our total reward framework.

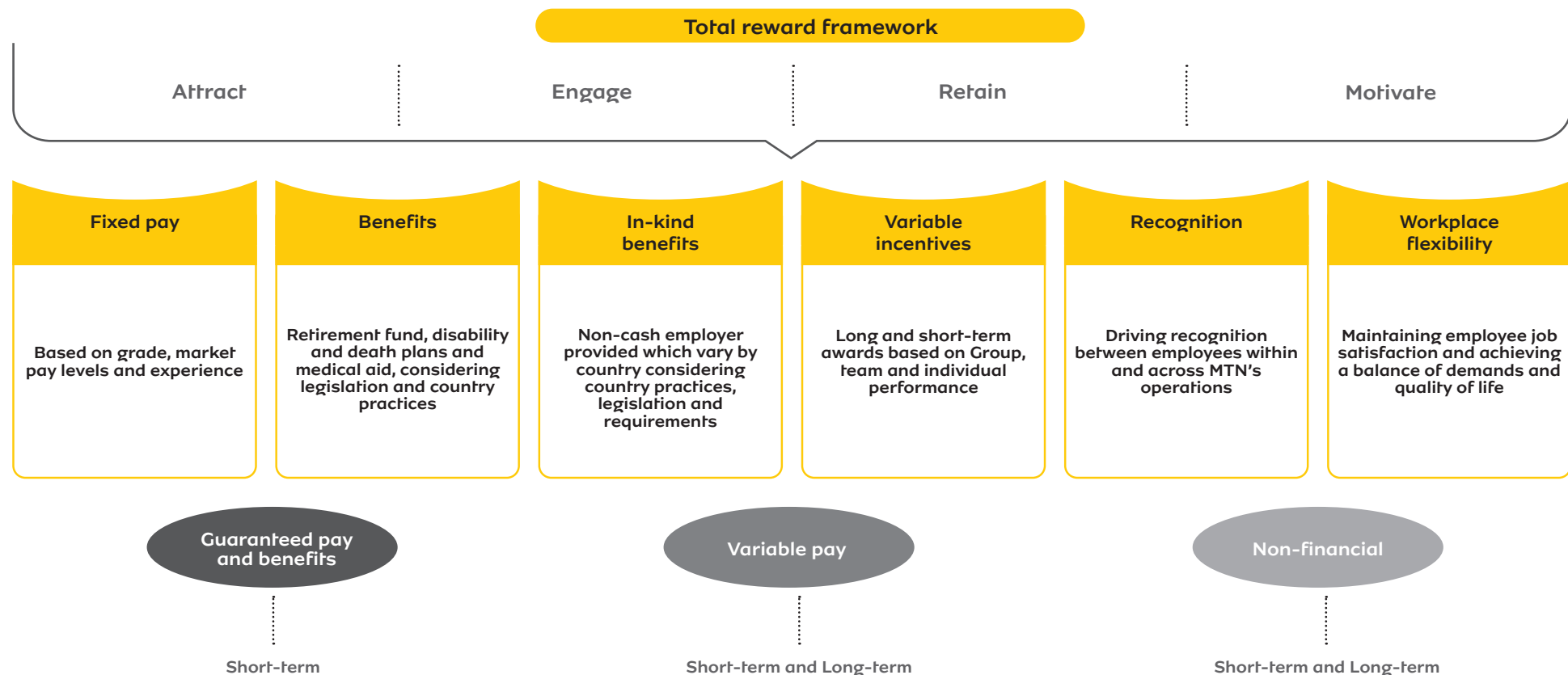
### Components of our total rewards framework

Although South Africa applies a fixed remuneration package approach, the Company accepts variations to the 'fixed pay plus benefits' approach due to local market conditions in many of the geographies in which we operate.

The fixed remuneration approach includes cash and benefits, benefits in kind which, when combined with incentive payments and other non-quantifiable elements such as recognition and workplace flexibility, make up what we term 'total rewards'.

Aligning to the **Ambition 2025**, MTN has implemented a remuneration structure with three key elements:

- Annual fixed package which is benchmarked to the general market and industry comparatives.
- Variable pay which consists of short and long-term incentives based on the Company's success in implementing its objectives.
- Qualitative programmes, comprising recognition and workplace flexibility.



# Remuneration report continued

Element	Fixed pay and benefits Fixed pay	Variable pay Performance bonus	Long-term incentive
Purpose	Remunerate employees for work performed	Reward employees for the delivery of strategic objectives balancing short-term performance and risk-taking with sustainable value creation	Reward employees for achievement of the Company's strategic objectives that will maximise shareholder value. These are provided in the form of the performance share plan, employee share option scheme and notional share option plan
Determination	<ul style="list-style-type: none"> <li>Defined salary structure, linked to grade which reflects the general worth of skills compared against the job worth internally and externally</li> <li>Set with reference to the market 50th percentile against the national market and/or defined peer groups (where applicable)</li> </ul>	<ul style="list-style-type: none"> <li>Reflects performance during the year, measures outcomes within management control and rewards high performance</li> <li>Linked to corporate financial performance, delivery of strategic priorities and individual performance</li> </ul>	<ul style="list-style-type: none"> <li>Payable in respect of sustained corporate performance over three years</li> <li>Measured against pre-set financial and strategic targets</li> </ul>
Eligibility	All employees	All employees excluding commission earners, who are incentivised through various commission-based incentive schemes	<ul style="list-style-type: none"> <li>PSP – executives, senior leadership and management level in South Africa</li> <li>NSO – management level in non-South Africa opcos</li> <li>ESOP – all non-management employees</li> </ul>
Component	<ul style="list-style-type: none"> <li>Basic salary</li> <li>Cash allowances (as applicable)</li> <li>Defined contribution to retirement fund plans</li> <li>Medical aid benefits</li> <li>Risk benefits, lifestyle, cell phone</li> <li>Benefits in kind (where applicable)</li> </ul>	<ul style="list-style-type: none"> <li>Company performance</li> <li>Team performance</li> <li>Individual performance (where applicable)</li> </ul>	<ul style="list-style-type: none"> <li>Company performance</li> </ul>
How the pay is set	<ul style="list-style-type: none"> <li>Benchmarked against independent survey data from the national market and defined peer group</li> <li>Reflects the scope and depth of role, experience required, level of responsibility and individual performance, business affordability, inflation, staff cost and market movement</li> </ul>	<ul style="list-style-type: none"> <li>Set as a percentage of annual fixed pay</li> <li>Employees are rewarded for achieving threshold (90%), at target (100%) and above-target performances, capped at 110% for company performance</li> <li>Below threshold is regarded as poor performance and therefore not incentivised</li> <li>Performance measures are weighted by employee category grade</li> </ul>	<ul style="list-style-type: none"> <li>Set as a percentage of annual fixed pay</li> <li>Annual awards of ordinary and notional shares, linked to corporate performance</li> <li>The allocation participant's annual salary is linked to continued employment and performance</li> </ul>
Financial measures	Individual and team performance measures	<ul style="list-style-type: none"> <li>Element 1 – company performance</li> <li>Element 2 – team performance</li> </ul>	
Performance	Distribution of Board-approved budgets, based on individual performance	Based on the assessment of corporate performance, achievement of defined Company, team and individual measures. Up to a maximum of: <ul style="list-style-type: none"> <li>CEO: 200%;</li> <li>CFO and COO: 175%;</li> <li>Other prescribed officers: 140%</li> </ul>	Achievement of corporate performance targets up to a maximum of: <ul style="list-style-type: none"> <li>CEO: 200%;</li> <li>CFO and COO: 175%;</li> <li>Other prescribed officers: 140%;</li> <li>Ordinary executives: 100%;</li> <li>Senior management: 20% to 60%</li> <li>Continued employment</li> </ul>
Deferral	No deferral	<ul style="list-style-type: none"> <li>No deferral, bonus cash awards</li> </ul>	<ul style="list-style-type: none"> <li>Performance shares vest over three years</li> <li>Retention shares vest over three years for eligible employees</li> </ul>
Pay for performance	Annual increases linked to individual performance	<ul style="list-style-type: none"> <li>Deliver on the financial, operational and strategic targets as set out in the strategy and corporate scorecard</li> <li>Targets are weighted</li> </ul>	<ul style="list-style-type: none"> <li>Return on average capital employed</li> <li>Cash flow</li> <li>Retention</li> <li>Relative total TSR against a peer group</li> <li>Strategic metrics</li> </ul>
Changes in 2020	Phased implementation of talent measures	<ul style="list-style-type: none"> <li>2021 STI changed 'revenue' to 'service revenue'</li> <li>Individual performance will no longer be applicable from 2021. This change will be rolled out in phases across the Group</li> <li>Inclusion of malus and clawback to bonus plan</li> </ul>	<ul style="list-style-type: none"> <li>Changed ROACE to ROE effective December 2020 allocation</li> <li>25% non-performance retention element no longer a measure for executive leadership</li> </ul>

Recognise and celebrate high performance by giving special attention to employee actions, efforts and behaviours in support of our business strategy by reinforcing behaviours that contribute to organisational success.

## Non-financial rewards

Our flexible workplace policies enable a diverse and inclusive organisation, which actively supports employees to achieve success professionally and personally.



# Remuneration report continued

## Short-term incentives

### Annual performance bonus

Except for sales commission employees, all other employees participate in an annual performance-based bonus plan. For executive employees, performance is measured at two levels, namely (i) company performance (element 1) and (ii) team performance (element 2). The third element (i.e. employee performance – element 3) is applicable to general staff, and it is not used for executive employees who are only measured on element 1 and 2.

## Company performance

### Financial performance

Financial performance looks at four key categories for executives. These are extracted from the Board-approved business plan. They carry equal weighting and are revenue; EBITDA; operating free cash flow; and Group attributable earnings.

Description of objective and link to business strategy		CP measurement				Weighting	
		Below threshold %	Threshold %	At target %	Above target %	Head office %	Subsidiary %
Financial element							
Revenue	A key indicator reflective of the sales performance of our services with respect to the overall Group strategy and business objectives.	< 90	90	100	110	20	25
EBITDA	EBITDA is earnings before interest, taxation, depreciation and amortisation. In simple terms, it is the net income power of the Company through its operations. Which is, what kind of earnings can a company generate if a company had zero debt (no interest needs to be paid), no tax burden (does not have to pay any kind of taxes) and does not have any goods whose value depreciates over time (no depreciation or amortisation).	< 90	90	100	110	20	25
Operating free cash flow	Represents the cash generated by the Company after cash outflows to support operations and maintain its capital assets.	< 90	90	100	110	20	25
Group attributable earnings	Part of the Company's profit which is 'attributable' to the ordinary shareholders. In other words, after the normal operating expenses have been deducted, together with finance costs, extraordinary items, taxation and preference dividends.	< 90	90	100	110	20	



# Remuneration report continued



## Non-financial performance

Competitive performance looks mainly at net promoter score (NPS) progress, reducing churn and market share gains. The performance score on company performance is determined for the year as a percentage of the actuals achieved relative to the targets set.

Description of objective and link to business strategy		TP measurement				Weighting	
		Below threshold %	Threshold %	At target %	Above target %	Head office %	Subsidiary %
Non-financial element							
Competitive performance	Competitive performance is defined by the following three metrics namely market share, churn and relative NPS.						
Market share	Represents the percentage of an industry, or market's total sales that are earned over a specified time.	While target is at 100%, both threshold and above target % vary per opco				Varies between 8,33% and 12,5% per metric, overall cumulative total for the non-financial element totals 25%.	
Customer churn	Percentage or number of subscribers to a service who discontinue their subscriptions to the service within a given time period.						
Relative customer NPS	NPS is an index that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand. The NPS is measured relative to the Company's closest competitor in the market.	<90	90	100	110		

A bonus is declared by the Group Board when the Board is satisfied that company performance threshold performance levels have at least been achieved.

## Team performance (TP)

Team performance is adjudicated against a collection of key performance indicators (KPIs) that look at broader aspects of delivery on the strategy, including cash upstreaming, subscriber growth, active data users, regulatory risk management, network quality etc. Similarly, the performance score for team performance is generated based on the actual performance versus the targets.

Description of objective and link to business strategy		CP measurement				Weighting Head office and subsidiary %
		Below threshold %	Threshold %	At target %	Above target %	
Bonus agreement	The TP target relates to value drivers, consisting of operational imperatives to ensure alignment with the wider business strategy. The organisational structures and integrated business model are designed to ensure that all business units contribute to the delivery of the overall business units in delivering the Group targets.	0	80	100	120	Variable based on employee job level

The threshold refers to the minimum performance per objective and not the consolidated achievements of objectives.

# Remuneration report continued

Each executive has a company and team performance weighting assigned to them. For each element performance achievement, there is a corresponding bonus multiplier. The multiplier ranges are illustrated below.

## Executive bonus parameters for 2020

Given the significant recent changes to our executive team, here we provide the executive bonus parameters governing the bonus plan:

Designation	Company performance %	Team performance %	Minimum bonus %	On target bonus %	Maximum bonus %
Group President and CEO	70	30	0	100	200
Group Chief Financial Officer	70	30	0	100	175
Group Chief Operation Officer	50	50	0	100	175
Group Chief Human Resources Officer	50	50	0	70	140
Group Chief Legal Counsel	50	50	0	70	140
Group Chief Regulatory and Corporate Affairs Officer	50	50	0	70	140
Group Chief Fintech and Digital Resources Officer	50	50	0	70	140
Group Chief Technology and Information Officer	50	50	0	70	140
Vice-President for WECA	30/30	40	0	70	140
Vice-President for MENA	30/30	40	0	70	140
Vice-President for SEAGHA	30/30	40	0	70	140
CEO: MTN South Africa	30/30	40	0	70	140

To ensure alignment with the Group's amplified commitment to sustainability and ESG, these performance conditions have been added to the Group President and CEOs short-term KPIs with a 10% weighting. As a component of these KPIs, he will be required to ensure successful execution of #GoodTogether initiatives and integration of ESG at the core of the business as planned and approved by the Board.

The process of determining the incentive award pools from which performance bonuses are paid is illustrated below:

### Description of performance criteria

- |                        |   |
|------------------------|---|
| Company<br>performance | <ul style="list-style-type: none"> <li>The financial performance targets of the Company are determined in accordance with the strategic themes at the beginning of the year.</li> <li>A factual findings engagement is performed on these results by an independent body.</li> <li>The percentage performance achievement against target is translated into a nominal performance-linked scale, adjusted to allow for maximum earning potential.</li> </ul> |
| Team<br>performance    | <ul style="list-style-type: none"> <li>The strategic themes are translated into priorities to be executed at executive member levels.</li> <li>Depending on the size of the function, and where applicable, team performance scorecards are further cascaded to below executive levels.</li> <li>Achievement of each KPI is proportionate and weighted.</li> </ul>  |

# Remuneration report continued



## How a bonus is calculated

1. For each executive, company performance (CP) and team performance (TP) elements (A) are used as inputs to a bonus calculation.
2. Targets for each element are set at the beginning of the performance cycle and measured at the end of the performance cycle where a corresponding 'nominal/multiplier %' is determined.
3. Company performance as a 'qualifier' for bonus declaration is first assessed for each operation.
4. For each weighted element, there is a job level related on-target and maximum earning potential.

Upon assessment of company performance by the Board, a bonus is either declared or not. If declared:

- **Step 1:** For each element (CP/TP), an on-target bonus amount is calculated as follows:  
**On-target bonus (D) = Annual fixed package (A) x On-target % (B) x Element weighting (C).**

### Example for the CEO (illustrative purposes only)

- Annual fixed package (A): R10m
- On-target bonus % (B): 100%
- Element weighting (C):
  - CP (70%),
  - TP (30%)
- Actual performance: CP (100%); TP (110%)
- Bonus multiplier: CP (100%) TP (200%)

### Calculating bonus at target per performance element In respect of company performance

Annual fixed package (A)	X	On-target bonus % (B)	X	Company performance weighting % (C)	=	On-target bonus amount (D)
R10m		100%		70%		R7m

### In respect of team performance

Annual fixed package (A)	X	On-target bonus % (B)	X	Company performance weighting % (C)	=	On-target bonus amount (D)
R10m		100%		30%		R3m

- **Step 2:** Actual performance for each element is measured to determine a bonus nominal/multiplier percentage.

Element	Actual score	Multiplier
Company performance	(Range: 0 – 110%)	100% (Range: 0 – 200%)
Team performance	(Range: 0 – 120%)	200% (Range: 0 – 200%)

- **Step 3:** The total bonus payable will be the on-target bonus amount per element times the element multiplier. In this example, this will be R13m.

### Company performance

<b>Target bonus</b> (Salary x on-target percentage) x CP weighting R7m	X	<b>CP Scorecard</b> 2020 scorecard multiplier Example: 100%	=	<b>CP bonus amount</b> R7m
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### Team performance

<b>Target bonus</b> (Salary x on-target % x PP weighting) R3m	X	<b>TP Scorecard</b> 2020 scorecard multiplier Example: 200%	=	<b>TP bonus amount</b> R6m
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## Long-term incentives 2021

Long-term incentives in the form of share allocations are awarded to eligible senior leadership. This aims to support and drive the long-term sustainability and performance of the Group. Annual allocations are made based on a multiple of the fixed package which would generally vest after three years.

Performance would be adjudicated three years after the allocation based on four elements:

1. Total shareholder return of MTN viewed against the MSCI Emerging Market Index.
2. Cumulative operating free cash flows over three years against the approved budget for each year.
3. Return on average capital employed (changed to ROE with effect from the December 2020 allocation).
4. Retention element (only applicable to non-group Exco employees).
5. Combination of Black economic empowerment (BEE) and compliance with South African transformation legislation. (This applies to the Group President and CEO and Group COO only).

Table on the next pages illustrates the above.



# Remuneration report continued

The following table sets out the performance metrics, weightings and targets for awards that vested in 2020 and unvested allocations.

Performance measure	Description	Weightings for allocations made before 2020		Weightings for allocations made in 2020		
		Group CEO, COO and CFO	Group Exco and all other participants	Group CEO and COO	Group Exco	All other participants
<b>TSR – MSCI M Index<sup>1</sup></b>	Sliding scale of 100% vesting at the 75th percentile as compared to MSCI EM Telecoms Index and 25% vesting at the median with straight-line vesting in between the two points. 0% vesting for below the median. TSR will be measured by comparing the 30-day (VWAP) at the beginning and end of the three-year measurement period plus reinvested dividends. TSR must be positive and to be measured on common currency (rand).	25%	25%	30%	33,33%	25%
<b>Cumulative operating free cash flow (COFCF)<sup>2</sup></b>	Targeted at the sum of the budgeted OFCF established each year for the three-year measurement period: 25% vesting at 90% of the target; stretch of 100% vesting at 110% of the target; sliding scale between each point. Operating free cash flow will be measured on constant currency.	25%	25%	30%	33,33%	25%
<b>Return on equity<sup>3</sup></b>	Defined as adjusted headline earnings per share/equity excluding NCI (non-controlling interest) for each year divided by three. There is a 25% vesting at 90% of budget/target (kick-in), a 100% vesting at 100% of budget/target and a straight-line vesting between the kick-in and budget/target rate. (Only applicable for awards from December 2020).	–	–	30%	33,33%	25%
<b>Return on average capital employed<sup>4</sup></b>	Defined as the sum of (EBIT/(equity + net debt)) for each year divided by three. There is a 25% vesting at 90% of budget (kick-in); a 100% vesting at 100% of budget; and a straight-line vesting between the kick-in and budget rate. (Only applicable for awards up to December 2019).	8,33%	25%	–	–	–
<b>Retention<sup>5</sup></b>	100% vesting upon remaining with the Company for the duration of the Award Fulfilment Period, unless the participant terminates employment on good terms.	25,00%	25%	–	–	25%
<b>Compliance to DTIC and ICASA<sup>6</sup></b>	Making all reasonable efforts to ensure that the Company is compliant with the relevant targets and codes in terms of labour legislation and/or established by the DTIC and ICASA.	8,33%	–	5%	–	–
<b>Black economic empowerment (BEE)<sup>6</sup></b>	Achievement of the BEE deliverables as set out in employment contracts.	8,33%	–	5%	–	–

1. Morgan Stanley Capital International – Emerging Market Index (MSCI EM) measured in common currency i.e. rand.

2. Cumulative operating free cash flow measured on a constant currency basis at budgeted numbers.

3. Return on equity replaces the ROACE and only effective 2020 allocation.

4. Return on average capital employed replaced with return on equity

5. The service element for Group directors and Group Exco members was only approved for 2017, 2018 and 2019 allocations.

6. The compliance and BEE conditions are only applicable to Group CEO and COO for the 2020 allocation in accordance with their employment contracts.

# Remuneration report continued

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## Pay mix and potential remuneration

Executives are remunerated in line with short and long-term business objectives using an optimal mix of fixed pay, benefits, short and long-term incentives. This supports the alignment of strategy and desired individual behaviour. The mix is aimed at ensuring that executives proportionately achieve an optimal balance of remuneration when executing their duties.

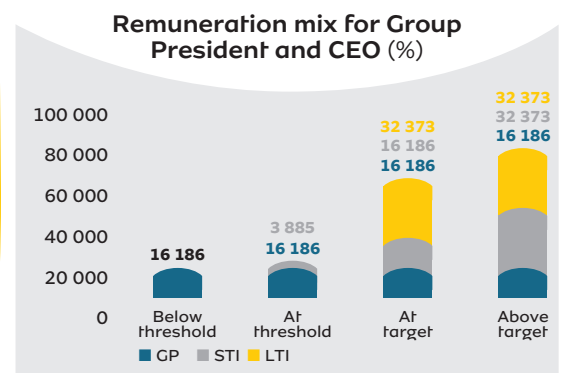
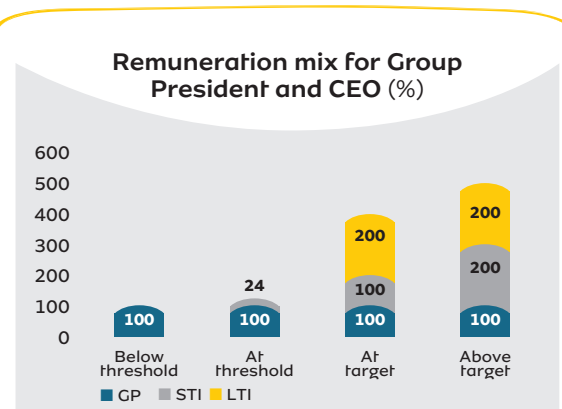
This pay mix varies with seniority, with an increasing element of variable pay at senior levels. The Group President and CEO and Exco members have the largest proportion of total annual package being subject to performance conditions. This is intended to create a significant degree of alignment with shareholder interests, with the aim of driving sustainable value creation over a longer-term period.

King IV recommends the disclosure of remuneration elements offered in the organisation and the mix of these. The following graphs illustrate the actual payments made to the Group President and CEO and the Group CFO for 2020. These values are expressed as a percentage of total cost of employment.

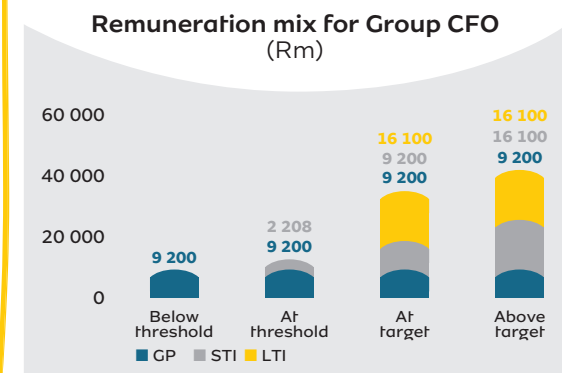
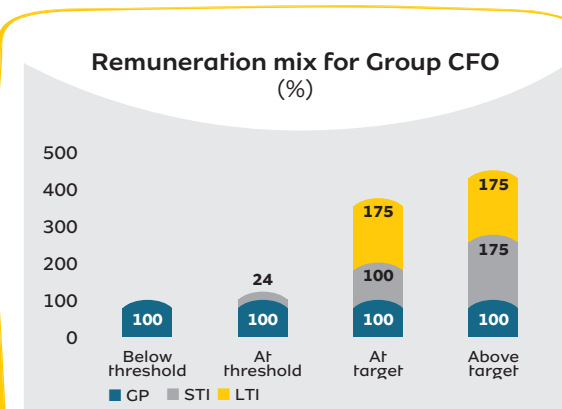
The proportion of fixed to performance-based incentives varies between the Group President and CEO and the Group CFO. Both roles comprise a higher weighting on performance incentives or 'at risk pay' and less on the fixed package. While the fixed package does not vary based on individual performance, the variable portion does.

The following graphs illustrate the mix of minimum, on-target and potential maximum compensation for the Group President and CEO and the Group CFO aligned with the 2020 remuneration policy. All illustrations are expressed as a percentage of annual guaranteed package (GP) based on four performance scenarios being below threshold, at threshold, at target and above target.

## Group President and CEO pay mix



## Group CFO pay mix



Note: The 24% threshold is the minimum % on the assumption that all the team performance objectives, weighted accordingly, are met at the minimum 80% achievement. If any of the KPIs is below 80%, the calculated minimum bonus % reduces to below 24%. The 24% also assumes that the although the Company performance threshold has been met, it does not contribute to the actual bonus but is only indicative of declaring a bonus in accordance with the performance bonus rules.

# Remuneration report continued

## Notional share option (NSO scheme)

The NSO scheme is our non-equity scheme for non-executive employees in managerial and senior positions in non-listed operations outside South Africa. Qualifying employees' own options and participate in the growth of the Group and its operations, as applicable.

Purpose	Detail
The main objective of the NSO scheme is to encourage an alignment between the individual interests of senior employees and the long-term success of the opco. Thus, the scheme's design rewards managerial and senior employees for the value gain derived from the NSO price per share appreciation between the allocation and vesting dates.	<ul style="list-style-type: none"> <li>Share awards are at the discretion of the MTN Group Board and the operating entities.</li> <li>Participation is limited to managerial employees and those in more senior positions only in the operations.</li> <li>Employees of MTN Group Management Services, MTN Dubai and MTN South Africa are not eligible to participate in the NSO scheme.</li> <li>Performance is measured using the Group share price and the operation's EBITDA performance. Thus the NSO scheme is divided into: <ul style="list-style-type: none"> <li>Group aligned notional (GAN) share options measured using group share price ensuring the operation aligns to the Group strategy; and</li> <li>Locally aligned notional (LAN) share options measured using the operation's EBITDA performance.</li> </ul> </li> </ul>

## How allocations are determined

The quantum of the awards is based on the future increase in the value of the NSO awards. Allocation multiples of annual salary are used to determine the annual allocation of NSO to qualifying employees. Awards are made annually and vest after three years. The detail regarding the allocation multiples and performance measurement are set out below.

Job level	Annual allocation multiple (as a % of salary) for both LAN and GAN
General manager	0,60
Senior managers	0,40
Managers	0,20

## Share scheme for general and supervisory employees

### Employee share ownership plan

During 2010, MTN approved the allocation of shares to its lower-level employees under the Company's broad-based ESOP.

The scheme intended to incentivise designated lower-level, non-managerial employees and to align them more closely with the activities of the Company with the aim of promoting their continued growth by giving them shares. Participating employees who received awards under the ESOP scheme had to retain ownership of their shares for a period of five years until December 2015, when the scheme matured.

During 2016, the Board approved a second allocation of shares to designated employees under the 2016 MTN ESOP. This scheme is managed under a trust. The first allocation of awards was made to qualifying employees on 1 December 2017 with subsequent allocations made every six-month period.

## Termination of employment payments

The following applies in the event of termination of employment:

Incentive	'Fault terminations' – resignation, abscondment, early retirement, dismissal	'No-fault terminations' – retrenchment, retirement, restructuring, disability, death
Fixed pay	Paid over the notice period or as a lump sum.	Paid over the notice period or as a lump sum or as per statutory requirement.
Benefits	Applicable benefits may continue to be provided during the notice period.	Benefits will fall away at such time that employment ceases.
STIs	No payment will be made, unless incentive payment is due while the employee is serving notice, in which case it will be paid on the bonus pay day.	Any Board-approved incentive, e.g. annual performance bonus becomes payable on a <i>pro rata</i> basis at the same time as other active employees subject to the incentive policy.
LTIs	No payment will be made. Only incentives which vest during active employment will be paid out.	Any Board-approved incentive, e.g. shares become payable on a <i>pro rata</i> basis at the same time as other active employees subject to the incentive policy. Only shares equivalent to time served between grant and vesting are paid. No adjustment to performance is performed.
Recognition and other benefits	Formal and informal platform designed to drive recognition between employees and departments, both within and across MTN's operations.	Other benefits are typically excluded from the fixed package. Including lifestyle benefits, leave of absence, and additional insurance products. Although some of these benefits are not prevalent in all operations, there are country-specific programmes approved and aligned with equivalent South African benefits.

## Changes recommended in 2021

As approved by the Board, MTN will continue to implement the following changes to share incentives in 2021:

### Our service contracts

Members of executive management are employed on standard employment contracts, except for the Group President and CEO and Group COO, who are both on limited-duration contracts. These employment agreements provide for a notice period of six months by either party or payment by the Company in lieu of notice and 12 months restraint of trade. Executives are entitled to standard benefits and participation in the short and long-term incentive schemes, subject to the rules of these schemes.

Employees are required to retire at age 60 and where their service is terminated as no fault terminations (retirement, retrenchment, disability or death) or at the end of the limited-duration contract, any shares awarded will be pro-rated and will vest under normal vesting conditions according to the pre-set vesting dates (subject to company performance over that future period). In the case of resignations and terminations, these will be forfeited.

## External appointments

The Group observes sound governance protocols in allowing external directorships to the executive directors and executives across its footprints as the Group considers such participation a prudent approach to upskilling executives.

The following table presents the service contracts for group Exco members.

	Extended notice period	Restraint of trade
CEO	6 months	12 months
Prescribed officers	6 months	6 – 12 months
Executives	6 months	6 months

# Remuneration report continued

## Non-executive directors' remuneration

Non-executive director appointments are made in terms of the Company's memorandum of incorporation (Moi) and confirmed at the first AGM of shareholders after their appointment and then at three-year intervals. Fees reflect the director's role and committee membership. A fee applies for any additional special meetings over and above Board and committee meetings. In addition to the fees, a single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, forms part of annual earnings.

Non-executive directors do not participate in any of the Company's short or long-term incentive plans, and they are not employees of the Company. MTN provides them with communication devices such as a mobile phone to conduct their duties. The Company reimburses them for out-of-pocket expenses, such as travel and accommodation costs, incurred in the execution of their responsibilities.

The committee reviews fees annually, requiring approval from shareholders at the AGM. Recommendations regarding non-executive director emoluments are informed by independent market data considering market practice with reference to the size of the Company, time, commitment, and responsibilities associated with the roles.

In the last quarter of 2020, management commissioned DG Capital to benchmark the Board, chairpersons and sub-committee fees against selected companies listed on the Johannesburg Stock Exchange (JSE) and companies operating in the telecoms emerging markets.

## Benchmarking of NED fees

The following companies were used to benchmark 2021 NED fees:

### South Africa resident NEDs (JSE listed)

1. Absa	13. MultiChoice
2. Amplats	14. Nedbank
3. Aspen	15. Old Mutual
4. BidCorp	16. Sanlam
5. Bidvest	17. Shoprite
6. Capitec	18. Sibanye Gold
7. Clicks	19. Standard Bank
8. Discovery	20. Telkom
9. Exxaro	21. Tiger Brands
10. FirstRand	22. Vodacom
11. Impala Platinum	23. Woolworths
12. Kumba Iron Ore	

### International emerging markets telcos

Company	Reporting currency
Bharti Airtel	INR, USD
Millicom	USD
Orange™	EUR
VEON	EUR, USD
Vodafone®	GBP

Based on the position of current fees to market median of comparator groups, increases to NED fees were limited to the following:

- Local NED main Board members received a 2% capped adjustment to the market median to reduce the 5,8% gap below the median.
- Local NED audit members received a 2% capped adjustment to the market median to reduce the 2,3% gap below the median.
- Risk Committee Chairman received a 1,5% increase to the median.
- The chairman of Social and Ethics Committee received a 2% capped adjustment to the market median to reduce the 2,5% gap below the median.
- Members of the Nominations Committee received a 2% capped adjustment to the market median to reduce the 3,4% gap below the median.
- International NED members received 0%.

The committee recommended to the Board that the Company continues to maintain the market median as the target fees for local NEDs. For international NEDs, their fees will be pitched considering the international skills profile, thus with a premium to be reviewed from time to time.



# Remuneration report continued

## Remco decisions made to address AGM concerns

Following feedback from shareholders, Remco reviewed the current practices with respect to the benchmarking of NED fees and other considerations requested by shareholders:

- Remco resolved to adopt a policy where NED fees continue to be targeted around the market median of comparator companies. For the 2021 fee structure, as illustrated above, even if current fees were below the median, it was resolved that increases be capped at 2%.
- Remco supported, where applicable, a premium-based recommendation by DG Capital for international NED members.
- The committee resolved to improve on its disclosure notes regarding disclosing fees both in local currency and foreign currency.

Thus, the proposed fee structure for 2021 is as follows:

	Annual retainer fee 2020	Meeting attendance fee 2020	Total approved fees 2020	Annual retainer fee 2021	Meeting attendance fee 2021	Total proposed fees 2021
<b>MTN Group Board</b>						
Chairman	R3 000 000	R173 500	R3 694 000	R3 000 000	R173 500	R3 694 000
International Chairman	€ 265 787	€ 15 371	€327 273	€ 265 787	€ 15 371	€327 271
Local member	R235 900	R58 950	R471 700	R192 512	R72 156	R481 134
International member	€ 78 863	€ 7 886	€110 407	€ 78 863	€ 7 886	€110 407
Lead independent director	R303 419	R113 724	R758 317	R379 238	R94 769	R758 315
International lead independent director				€ 71 767	€ 17 934	€143 504
<b>Remuneration and Human Resources Committee</b>						
Local Chairman	R125 567	R47 064	R313 822	R125 567	R47 064	R313 823
International Chairman	€ 11 415	€ 4 279	€28 529	€ 11 415	€ 4 279	€28 531
Local member	R54 983	R25 804	R158 199	R54 983	R25 804	R158 199
International member	€ 5 199	€ 2 924	€16 895	€ 5 199	€ 2 924	€16 895
<b>Social and Ethics Committee</b>						
Local Chairman	R93 829	R35 168	R234 501	R95 706	R35 871	R239 191
International Chairman	€ 8 405	€ 3 150	€21 007	€ 8 405	€ 3 150	€21 005
Local member	R54 983	R25 804	R158 199	R54 983	R25 804	R158 199
International member	€ 4 016	€ 1 885	€11 555	€ 4 016	€ 1 885	€11 556
<b>Audit Committee</b>						
Local Chairman	R172 453	R64 637	R431 001	R172 453	R64 637	R431 001
International Chairman	€ 15 678	€ 5 876	€39 182	€ 15 678	€ 5 876	€39 182
Local member	R72 653	R34 097	R209 041	R74 106	R34 779	R213 222
International member	€ 6 605	€ 3 100	€19 004	€ 6 605	€ 3 100	€19 005
<b>Risk Management and Compliance Committee</b>						
Local Chairman	R142 725	R53 764	R357 781	R144 807	R54 548	R363 000
International Chairman	€ 12 360	€ 4 656	€30 984	€ 12 360	€ 4 656	€30 984
Local member	R67 119	R31 641	R193 683	R67 119	R31 641	R193 683
International member	€ 5 199	€ 2 924	€16 895	€ 3 379	€ 3 379	€16 895
<b>Special assignments or projects (per day)</b>						
Local member		R25 100	R100 400		R25 100	R100 400

# Remuneration report continued

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MTN

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create value

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financial review

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	Annual retainer fee 2020	Meeting attendance fee 2020	Total approved fees 2020	Annual retainer fee 2021	Meeting attendance fee 2021	Total proposed fees 2021
International member		€ 3 500	€14 000		€ 3 500	€14 000
Ad hoc work performed by non-executive directors for special projects (hourly rate)		R4 400	R17 600		R4 400	R17 600
<b>MTN Group Share Trust (Trustees)</b>						
Local Chairman	R83 396	R31 276	R208 500	R85 064	R31 902	R212 670
International Chairman	€ 7 581	€ 2 843	€18 955	€ 7 581	€ 2 843	€18 953
Local member	R36 666	R17 209	R105 502	R37 399	R17 553	R107 612
International member	€ 3 333	€ 1 564	€9 591	€ 3 333	€ 1 564	€9 589
<b>Sourcing Committee</b>						
Local Chairman	R83 396	R31 276	R208 500	R85 064	R31 902	R212 670
International Chairman	€ 7 581	€ 2 843	€18 955	€ 7 581	€ 2 843	€18 953
Local member	R48 731	R22 867	R140 199	R49 706	R23 324	R143 003
International member	€ 4 430	€ 2 079	€12 745	€ 4 430	€ 2 079	€12 746
<b>Directors Affairs and Governance Committee</b>						
Local Chairman	R80 000	R30 000	R200 000	R81 600	R30 600	R204 000
International Chairman	€ 7 273	€ 2 727	€18 182	€ 7 418	€ 2 782	€18 545
Local member	R40 629	R19 068	R116 900	R41 442	R19 449	R119 239
International member	€ 3 694	€ 1 733	€10 627	€ 3 694	€ 1 733	€10 626

Refer to page 96 and 97 for actual fees to directors during the year under review.

## Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on Part II of this remuneration report.

# Remuneration report continued

## Part III – Implementation report

This section explains how Remco applied policy principles for the year under review and discloses changes implemented during the year.

### Changes made to the implementation report

Following the various engagements with shareholders, including benchmark of our remuneration report, this section has been enhanced for ease of understanding. Notably, the following enhancements were introduced:

- Remuneration details of the executive directors has been disclosed separately to present a single and consolidated view of the total remuneration for the period.
- Details of the performance outcomes for both STI and LTI schemes have been provided to explain the link between performance and reward.

### The section is therefore structured as follows:

- Highlights of executive director remuneration at a glance (page 84).
- Details of remuneration paid to executive directors.
- Remuneration decisions in respect of salary reviews and performance-incentive outcomes (pages 85 to 90).
- Year-on-year comparison of remuneration paid to executive directors and prescribed officers (pages 89 to 92).
- Details of share allocations for executive directors and prescribed officers (pages 93 to 95).
- Year-on-year comparison of remuneration paid to non-executive directors (pages 96 and 97).

### (a) Highlights of executive directors' remuneration at a glance

With reference to the Group performance outcomes, below is an overview of the remuneration paid to the executive directors of the company.

Highlights of the fixed remuneration and shareholding requirements.

#### Fixed pay and shareholding

##### R Shuter (CEO) R Mupita (CFO/CEO)

Fixed salary	R18,1m	R11,9m
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↑ 5%	↑ 31%
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Retirement	R2,0m	R0,4m
------------	-------	-------

Other benefits	R17,8m	R0,68m
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#### Shareholding effective 2021

Target level as a % of salary

(CEO R Mupita)	(CFO T Molefe)
250%	175%

(CEO R Mupita)	(CFO T Molefe)
R32m	R16m

^ increase percentage related to change from CFO to CEO.

Below highlights a view of the 2020 company performance outcomes and short-term incentives paid.

#### Short-term incentives

2020 annual bonus

R Shuter	R Mupita
R30,1m	R17,7m

2020 bonus scorecard

Earnings (GAE)	51%	↑
[Achieved 51% above annual target]		

Revenue	0,3%	↑
[Achieved the annual target]		

EBITDA	3%	↑
[Achieved 3% above annual target]		

Cash flow	5%	↑
[Achieved 5% above annual target]		

Competitive perf.	10%	↑
[Achieved 10% above annual target]		

Below illustrates the outcomes of the long-term incentive schemes under the PSP scheme and the corresponding share settlements for the year under review.

#### Long-term incentives

2020 vesting outcomes

R Shuter	R Mupita
(75% vesting)	(75% vesting)

R13,1m	R7,5m
--------	-------

Vesting outcomes

Measures	Outcome	Vesting
TSR	○ ○ ○ ○ ○	0%
COFCF	● ● ● ● ●	100%
ROACE	● ● ● ● ●	100%
Retention	● ● ● ● ●	100%
BEE^	● ● ● ● ●	100%
Compliance^	● ● ● ● ●	100%

^ Only applicable to executive directors

The next section provides the details of the remuneration made to the executive directors of the company.

## (b) Details of remuneration paid to executive directors

### Details of remuneration paid to R Shuter

The following section presents details of the remuneration paid to R Shuter during 2020. The following pay components are provided:

- (i) Overall remuneration details
- (ii) Short-term incentives
- (iii) Long-term incentives

R Shuter served as the Group President and CEO until 31 August 2020. He was replaced by R Mupita effective 1 September 2020. As R Shuter's four-year fixed term contract was terminating in March 2021, he was placed on 'garden leave' for the remainder of his contract period. His remuneration for the year under review is for the eight months served as the Group President and CEO and the four months remuneration earned whilst on garden leave. As per termination agreement, to support the incoming Group President and CEO, R Shuter continued to serve the balance of his contract until 12 March 2021. His remuneration is therefore for the full year under review.

#### (i) Overall remuneration details

R000	Actuals	
	2020	2019
Fixed remuneration <sup>1</sup>	18 154	17 305
Post-employment benefits <sup>2</sup>	1 997	1 822
Other benefits <sup>3</sup>	17 807	1 118
STI <sup>4</sup>	30 104	27 584
LTI <sup>5</sup>	5 713	10 405
<b>Total</b>	<b>73 775</b>	<b>58 234</b>
LTI's reflected <sup>6</sup>	13 129	–
<b>Single figure of remuneration<sup>7</sup></b>	<b>86 904</b>	<b>58 234</b>

#### Notes

- This is the basic fixed cash pay in accordance with contract of employment.
- Refers to company contributions toward the retirement fund.
- Refers to company contributions towards the various benefits programmes such as medical aid and risk benefits. This amount also includes any cash settled incentives which was approved during his appointment made to him however not related to performance e.g. leave, lifestyle benefits, etc.
- Refers to payments related to the Company's short-term incentive i.e. annual performance bonus for the entire year under review.
- Refers to payments made during the year under review related to the Company's long-term incentives (share schemes). For the shares which vested in December 2019, the performance conditions were partially and resulted in a 75% condition achievement.
- LTI's reflected have been disclosed in order to calculate the single figure of remuneration as per King IV guidelines. The fair market value reflected relates to the shares which vested in December 2020 under the performance share plan scheme. Based on the valuations of the performance conditions, a 75% vesting was achieved. The market value of the vested shares was based on the group share price of R87,44 as at date of trade in March 2021. Refer to page 89 for the performance conditions related to this vesting.
- The single figure of remuneration includes payments made during the year under review and confirmed market value of long-term incentives which vested and will be settled during 2021.

#### (ii) Short-term incentives

R Shuter's annual performance bonus was calculated taking into account the eight-month period he served as the Group President and CEO and the four-months period he served in 2020 while on garden leave.

Below is an illustration of the calculation of the performance bonus paid to R Shuter.

Performance element	Period as Group President and CEO (Jan – Aug 2020)	
	Company	Team
Annual salary (R000)	R20 406	R20 406
Target bonus (%)	100%	100%
Element weighting	70%	30%
Target bonus amount (R000)	R14 285	R6 122
Performance multiplier	166,56%	103,10%
<b>Calculated bonus (R000)</b>	<b>R23 792</b>	<b>R6 312</b>

#### (iii) Long-term incentives

Payments made in 2020 relate to the settlement of shares that vested in 2019 and settled in 2020.

Amounts indicated under LTI's reflected [Note 6] relate to the PSP allocation made in December 2017. The performance shares vested in December 2020 with 75% achievement of performance conditions. Refer to page 89 for full details of the performance conditions. The fulfilment of the performance conditions was approved by the Board at the first quarter Remco in 2021 considering the performance over the three-year vesting period. The finalisation and transfer of the vested shares was concluded in April 2021.

#### Details of share-based settlements made during the year

Award date <sup>1</sup>	No. of shares awarded <sup>2</sup>	No. of shares vested <sup>3</sup>	Vesting %	Value of shares vested <sup>4</sup> R000
18 Dec 17	200 200	150 150	75%	13 129

#### Notes

- The PSPs were awarded in 2017 and vested in Dec 2020, three years after award date.
- The total number of shares awarded was based on three financial performance conditions (TSR, cashflow & ROACE) and three non-financial conditions (Compliance, BEE & retention).
- The performance shares settled are based on the 75% achievement of performance conditions.
- The market value of the vested shares is the group share price of R87,44 obtained on the date the shares were opted for trading.

#### Details of unvested and outstanding share allocations

As at December 2020, R Shuter had two unvested share allocations made under the PSP. The Board agreed that R Shuter's termination be awarded a good leaver status and that the unvested share awards under the PSPs awarded during the fixed period will vest in full (no pro-rata) on their respective vesting dates and based on an on-target achievements for all elements.

These are summarised as follows:

Award date	Vesting date	No. of shares awarded <sup>^</sup>	Estimated market value* R000
28 Dec 18	28 Dec 21	436 600	38 124
20 Dec 19	20 Dec 22	457 100	39 969
<b>Total</b>		<b>893 700</b>	<b>78 093</b>

#### Notes

- <sup>^</sup> The 2018 and 2019 share allocations both had TSR, cashflow, ROACE, compliance, BEE and service element as approved by the Board. In the 2020 allocation, the service element was not approved and the ROACE was replaced with a ROE metric.

#### Valuation on unvested shares\*

In valuing the shares that will vest in 2021 and 2022 respectively, the calculated projected values are based on the share price of R87,44. This price is the equivalent price obtained for the shares that vested in 2020 and were settled in 2021. This price is only for valuation purposes of this committed settlement agreement and will be adjusted once the shares have vested and are settled in the respective years. On this basis, the market value of the shares vesting in 2021 and 2022 is R38 million and R40 million respectively.

# Remuneration report continued



Group President and CEO  
Ralph Mupita

## Details of remuneration paid to R Mupita

This section presents details of the remuneration paid to R Mupita during 2020. The following pay components are provided:

- (i) Overall remuneration details.
- (ii) Short-term incentives.
- (iii) Long-term incentives.

Ralph served as the Group Chief Financial Officer until 31 August 2020. Effective 1 September 2020, he was appointed as Group President and CEO, taking over from R Shuter. Accordingly, his remuneration for the year under review has been split into the two periods for ease of understanding.

### (i) Overall remuneration details

R000	2020			2019
	As CFO	As CEO	Total	
Fixed remuneration <sup>1</sup>	6 972	4 998	11 970	9 152
Post employment benefits <sup>2</sup>	216	225	441	1 059
Other benefits <sup>3</sup>	250	430	680	42 658
STI <sup>4</sup>	9 913	7 823	17 736	13 433
LTI <sup>5</sup>	–	–	–	–
<b>Total</b>			<b>30 827</b>	66 302
LTI's reflected <sup>6</sup>	7 537	–	7 537	–
<b>Single figure of remuneration<sup>7</sup></b>			<b>38 364</b>	66 302

#### Notes

- This is the basic fixed cash pay in accordance with contract of employment.
- Refers to company contributions toward the retirement fund.
- Refers to company contributions towards the various benefits programmes such as medical aid and risk benefits. This amount also includes any cash payments made to the officer however not related to performance e.g. leave, lifestyle benefits, etc.
- Refers to payments related to the Company's short-term incentive i.e. annual performance bonus. The total bonus paid was split between the period served as the CFO from January to August 2020 and time served as the Group President and CEO from September to December 2020.
- Refers to payments made during the year under review related to the company's long-term incentives (share schemes).
- LTI's reflected have been disclosed to calculate the single figure of remuneration as per King IV guidelines. The fair market value reflected relates to the shares which vested in December. The market value of these shares was based on the group share price of R84.95 as at date of trade. Refer to page 89 for the performance conditions related to this vesting.
- The single figure of remuneration includes payments made during the year under review and confirmed market value of long-term incentives which vested and will be settled during 2021.

### (ii) Short-term incentives

R Mupita's annual performance bonus was calculated taking into account the eight-month period he served as the Group Chief Financial Officer and the four-month period he served as the Group President and CEO.

Below is the calculation of the performance bonus paid to R Mupita.

Performance element	Period as CFO (Jan – Aug 2020)		Period as CEO (Sep – Dec 2020)		Total
	Company	Team	Company	Team	
Annual salary (R000)	R7 396	R7 396	R5 303	R5 303	R12 698
Target bonus (%)	100%	100%	100%	100%	
Element weighting	70%	30%	70%	30%	
Target bonus amount (R000)	R5 177	R2 219	R3 712	R1 591	R12 698
Performance multiplier	149,92%	97,00%	166,56%	103,10%	
<b>Calculated bonus (R000)</b>	<b>R7 761</b>	<b>R2 152</b>	<b>R6 183</b>	<b>R1 640</b>	<b>R17 736</b>

### (iii) Long-term incentives

During 2020, there were no payments made to R Mupita in respect of share settlements [Note 5].

Amounts indicated under LTI's [Note 6] relate to the PSP allocation made in December 2017. The performance shares vested in December 2020 with 75% achievement of performance conditions. Refer to page 87 for full details of the performance conditions. The fulfilment of the performance conditions was approved by the board at the first quarter Remco in 2021 considering the performance over the three-year vesting period. The finalisation and transfer of the vested shares was concluded in April 2021 and a SENS announcement issued in this respect.

### Details of share-based settlements made during the year

Award date <sup>1</sup>	No. of shares awarded <sup>2</sup>	No. of shares vested <sup>3</sup>	Vesting %	Value of shares vested <sup>4</sup>
18 Dec 17	118 300	88 725	75%	R 7 537

#### Notes

- The PSPs were awarded in 2017 and vested in Dec 2020, three years after award date.
- The total number of shares awarded was based on three financial performance conditions (TSR, cashflow and ROACE) and three non-financial conditions (Compliance, BEE and retention).
- The performance shares settled are based on the 75% achievement of performance conditions.
- The market value of the vested shares is the group share price of R84.95 obtained on the date the shares were opted for trading.

### Details of unvested and outstanding share allocations

As at December 2020, Ralph had three unvested share allocations made under the PSP. These are summarised as follows:

Award date	Vesting date	No. of shares awarded <sup>^</sup>	Estimated market value* R
28 Dec 18	28 Dec 21	190 200	N/A
20 Dec 19	20 Dec 22	223 300	N/A
21 Dec 20	21 Dec 23	530 800	N/A
<b>Total</b>		<b>944 300</b>	<b>N/A</b>

#### Notes

- The 2018 and 2019 share allocations both had TSR, cashflow, ROACE, compliance, BEE and service element as approved by the board. In the 2020 allocation, the service element was not approved and the ROACE was replaced with a ROE metric.
- The estimated value of the outstanding share allocations cannot be provided as there is still a performance assessment to be made upon vesting.



# Remuneration report continued

## (c) Remuneration decisions in respect of salary reviews and performance incentive outcomes

### 2020 annual salary reviews

Generally, we aim to award annual salary increases to maintain remuneration, taking into consideration cost of living adjustments. In line with MTN's commitment to fair and responsible remuneration, from time to time, we review salaries that fall below the target minimum salary as per the approved pay scales.

The impact of the COVID-19 pandemic has resulted in a more prudent approach in the review and awarding of salary increases across the Group. For the year under review, we granted increases of 2,5% for management and 4% for general staff. This budget decision was based on the following factors:

- Management of staff costs during the COVID-19 crisis
- Inflation projections
- Increases granted by peer-comparator companies
- Salary survey projections

Survey data from these sources are taken into consideration:

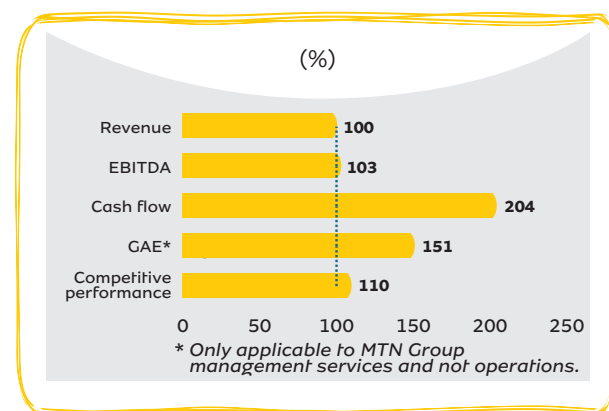
- Kornferry
- PwC Remchanel
- Bowmans Reward Advisory Services

### 2020 performance incentive outcomes

#### Short-term incentives

The following table shows the extent to which the Company performance element was achieved for the Group. Values presented are consolidated and include the performance of various MTN subsidiaries.

#### Company performance (element 1)



The Company's financial and non-financial objectives used to measure performance of the year under review were externally audited by PwC and their audit partner.

The Board was satisfied with the performance results as presented and therefore approved that a performance bonus be declared across the group of companies.

All bonus payments for members of the Executive Committee were further audited by PwC and paid as disclosed under each executive's emoluments section.

### Performance of teams (element 2)

The table below highlights the team performance objectives assigned to each functional Group Exco member of the Group. Each objective is measured and validated by the Group President and CEO and externally audited by PricewaterhouseCoopers in accordance with the audit agreed upon procedures.

The individual objectives per function are based on a balanced scorecard with shared KPIs as cascaded from the Company strategic objectives.

Summary of team measures and achievements during FY2020:

Item number	Key performance indicator	Number of sub KPIs	Overview of performance rating %				
			< 90	90 – 99	100 – 109	110 – 119	120+
1	Financial performance	4					
2	Legal and regulatory management	9					
3	Other operational deliverables	6					
4	People and culture	7					
5	Risk and compliance management	3					
6	Technology	7					
7	Marketing and customer experience	2					
8	Growth in commercial and digital	8					

# Remuneration report continued

## Link between performance and bonus

### Company performance

For the year under review, the Board approved that the five company performance sub-elements illustrated on page 87, were achieved above the kick-in value.

The weighted average performance score for the Company was 134%. The corresponding bonus multiplier were:

- 166,56% for Group President and CEO;
- 149,92% for the Group CFO, COO; and
- 133,28% for all other employees.

The Board was satisfied that the bonus disclosed below was linked to the performance was reflective of the performance outcomes.

### Team performance

Equally, for the team performance, a multiplier was determined based on the achievement of the team performance scorecards assigned to each member of the Executive Committee. Accordingly, the Board was satisfied of the audited results per Exco member and the resultant bonus calculation being reflective of the performance outcomes.

Based on the 2020 Company and team performance, the following performance bonuses were paid to directors and prescribed officers:

Prescribed Officer	2020 bonus R000	2019 bonus R000	Increase %
J Schulte-Bockum	14 576	13 019	12%
I Jaroudi	8 396	8 027	5%
K Toriola	7 279	6 984	4%
E Asante	9 969	8 858	13%
G Motsa	8 435	6 823	24%
F Moolman	7 203	8 104	(11%)
P Norman	8 044	6 850	17%
S Perumal	2 635	2 921	(10%)

## How a performance bonus was calculated

The detailed mathematical formula used to calculate a bonus is provided on page 77. A simplified version is that bonuses were calculated using the performance of the Company and teams. For each element and weighting:

- An on-target bonus was determined by multiplying the annual salary by on-target bonus %.
- The on-target bonus amount was modified using a performance-linked multiplier.

## Company performance ranges and achievements

	Group President and CEO	Group CFO and COO	Other employees
<b>Performance range</b>			
Range (%)	0 – 110%	0 – 110%	0 – 110%
Actual weighted (%)	133,86%	133,86%	133,86%
<b>Bonus multiplier (nominal)</b>			
Range (%)	0 – 200%	0 – 175%	0 – 150%
Actual multiplier score (%)	166,56%	149,92%	133,28%

## Team performance ranges and achievements

	Group President and CEO	Group CFO and COO	Other employees
<b>Performance range</b>			
Range (%)	0 – 120%	0 – 120%	0 – 120%
Actual weighted (%)	110,00%	105,00%	110,00%
<b>Bonus multiplier (nominal)</b>			
Range (%)	0 – 200%	0 – 175%	0 – 150%
Actual multiplier score (%)	103,1%	160%	125%

# Remuneration report continued

## Long-term incentives

### Vesting of PSP scheme

The allocation of shares made under the PSP scheme in December 2017 vested in December 2020, this period being three years after allocation. This allocation was a conditional award of shares dependent on the following performance conditions: TSR, cash flow, ROACE and retention. For the Group President and CEO, CFO and CFO, they each had additional conditions linked to BEE and compliance to ICASA (all ESG related).

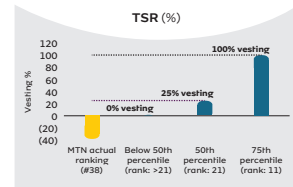
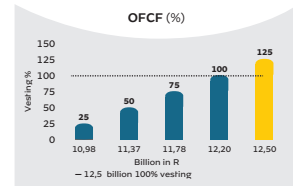
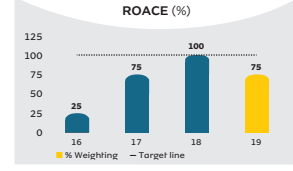
An assessment of the performance conditions was performed. Based on the externally audited results, overall:

- TSR was not achieved owing to the Group's share performance during the measurement period
- The cash flow conditions were partially achieved at 100%.
- The ROACE condition was achieved in full at 100%.

The overall weighted vesting approved by Remco was as follows:

- MTN Group directors: 75%
- MTN Group Exco members: 75%
- Other participants: 75%

The above vesting percentages include the 25% retainer as was approved at allocation. This condition was however not approved for Exco members for the allocation of December 2020.

Award condition	Vesting conditions	Target	Performance achievement	Vesting %
<b>Total shareholder return (MSCI)</b>	<b>TSR</b> 100% vesting at the 75th percentile 25% vesting at the median 0% vesting for below the median	75th ranking: 11 Median ranking: 21	Actual ranking: 38 	0%
<b>Operating free cash flow (OFCF)</b>	<b>Cash flow growth</b> 100% vesting at 110% of target* 25% vesting at 90% of target* 0% vesting below 90% of target*	Minimum: 90% of target* At target: 110% of target*	Actual %: 113% 	100%
<b>Return on average capital employed</b>	<b>Capital returns</b> 100% vesting at 100% of budget^ 25% vesting at 90% of budget^ 0% vesting below 90% of budget^	Minimum: 90% of target^ At target: 100% of target^	Actual %: 110% 	100%
<b>Service/retention</b>	<b>Service requirement</b> Employee must be employed as at the date of vesting	In service at vesting date	In service at vesting date	100%

#### Note:

During the measurement period (2018 to 2020), the budget or targets for cash flow and ROACE were not disclosed as they were commercially sensitive. They have only been disclosed (as below) after the measurement period as they are publicly available:

\* Average cash flow target over three-year period was R12,3bn. The actual achievement over three-year measurement period was 13% above target.

^ Average ROACE budget over three-year period was 18%. The actual achievement over three-year measurement period was 0,7% percentage points higher than target.

# Remuneration report continued

## Details of share vesting for executives for 2020

Executive director	FY2020			FY2019
	Number of shares allocated in 2017	Number of shares vested in 2020	% vested	% vested
E Asante	78 000	58 500	75%	0%
I Jaroudi	77 600	58 200	75%	0%
F Moolman	66 100	49 575	75%	0%
G Motsa	69 700	52 275	75%	0%
P Norman	57 700	43 275	75%	0%
S Perumal^	30 800	23 100	75%	0%
J Schulte-Bockum	125 500	94 125	75%	0%
K Toriola	69 100	51 825	75%	0%

^ acting Chief Financial Officer

Performance-based share payments related to the year under review were based on the performance outcomes of the award conditions.

### Group President and CEO (RA Shuter)

Had six conditions as per employment contract (TSR, ROACE, COFCF, BEE, compliance and retention).

As per Rob's termination agreement, his shares vested 75%.

### Group CFO (R Mupita) and COO (J Schulte-Bockum)

- Each had six conditions as per employment contract (TSR, ROACE, COFCF, BEE, compliance and retention)
- Cumulatively, they achieved the following:
  - CFO (75%; 88 724 PSP shares)
  - COO (75%; 94 125 PSP shares)

### Other executives

All other executives had four conditions (TSR, ROACE, COFCF and retention).

## How the PSP scheme has performed historically

A summary of the performance of the historic PSP allocations which have vested and settled is displayed below:

Grant date	Vesting date	Vested % for general staff	Vested % for executives	Number of shares granted	Number of shares vested^
29/06/2016	29/12/2018	25%	0%	3 763 900	357 968
27/12/2016	28/12/2019	25%	0%	2 363 400	493 976
29/09/2017*	28/12/2019	–	75%	213 600	160 200
18/12/2017	18/12/2020	75%	75%	5 050 900	3 515 671

\* grant only applicable to former group president and ceo in accordance with his contract of employment and revised performance conditions.

^ calculated as vested percentage of the shares granted less forfeited before vesting date under bad leaver classification.

Including the 2020 vesting of the December 2017 grant, but excluding the grant of Sept 2017 made to the group president and ceo alone, the average vesting of the previous three grants is 42%.

## Changes made to the LTI scheme

### Performance share plan

- Exclusion of retention/service (non-performance-based component) for Group directors and Group Exco members effective 2020 PSP allocation.
- Replacement of the ROACE condition with the ROE metric as recommended by shareholders.

# Remuneration report continued

## (d) Year on year comparison of remuneration paid to executive directors and prescribed officers

	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits* R000	Bonuses R000	Sub-total R000	Share gains** R000	Total R000
<b>2020</b>								
<b>Executive directors</b>								
RA Shuter <sup>1, 2</sup>	13/03/2017	18 154	1 997	17 807	30 104	68 062	5 713	73 775
RT Mupita <sup>3</sup>	03/04/2017	11 970	441	680	17 736	30 827	–	30 827
<b>Total</b>		<b>30 124</b>	<b>2 438</b>	<b>18 487</b>	<b>47 840</b>	<b>98 889</b>	<b>5 713</b>	<b>104 602</b>

\* Includes medical aid, expense allowances and unemployment insurance fund.

\*\* Pre-tax gains on equity-settled share-based payments.

<sup>1</sup> Resigned from being Group President and CEO on 31 August 2020.

<sup>2</sup> Other benefits include payment of cash-settled share-based incentives.

<sup>3</sup> Ceased to be GCFO on 31 August 2020. Appointed as Group President and CEO on 1 September 2020.

	Date appointed	Salaries R000	Post-employment benefits R000	Other benefits* R000	Bonuses R000	Subtotal R000	Share gains** R000	Total R000
<b>2019</b>								
<b>Executive directors</b>								
RA Shuter	13/03/2017	17 305	1 822	1 118	27 584	47 829	–	47 829
RT Mupita***	03/04/2017	9 152	1 059	42 658	13 433	66 302	–	66 302
<b>Total</b>		<b>26 457</b>	<b>2 881</b>	<b>43 776</b>	<b>41 017</b>	<b>114 131</b>	<b>–</b>	<b>114 131</b>

\* Includes medical aid and unemployment insurance fund.

\*\* Pre-tax gains on equity-settled share-based payments.

\*\*\* Other benefits include payment of cash-settled share-based incentives.



# Remuneration report continued



## (d) Year on year comparison of remuneration paid to executive directors and prescribed officers continued

### Prescribed officers' emoluments and related payments

2020	Salaries R000	Post- employ- ment benefits R000	Other benefits <sup>#</sup> R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
<b>Prescribed officers</b>							
E Asante	10 115	809	4 885	9 969	25 778	–	25 778
I Jaroudi	11 644	953	616	8 396	21 609	–	21 609
F Moolman	8 227	1 633	5 794	7 203	22 857	–	22 857
G Motsa	7 421	816	607	8 435	17 279	–	17 279
P Norman	6 138	675	820	8 044	15 677	–	15 677
S Perumal <sup>^</sup>	1 759	160	307	4 135	6 361	–	6 361
J Schulte-Bockum <sup>@</sup>	9 648	1 012	6 078	14 576	31 314	–	31 314
K Toriola	8 474	847	4 871	7 279	21 471	–	21 471
<b>Total</b>	<b>63 426</b>	<b>6 905</b>	<b>23 978</b>	<b>68 037</b>	<b>162 346</b>	<b>–</b>	<b>162 346</b>

<sup>#</sup> Includes medical aid and unemployment insurance fund.

<sup>^</sup> Appointed as acting GCFO on 1 September 2020.

<sup>@</sup> Other benefits include payment of cash-settled share-based incentives.

2019	Salaries R000	Post- employ- ment benefits R000	Other benefits <sup>#</sup> R000	Bonuses R000	Sub-total R000	Share gains R000	Total R000
<b>Prescribed officers</b>							
E Asante	9 039	723	4 400	8 858	23 020	–	23 020
M Fleischer <sup>1</sup>	4 271	493	2 351	–	7 115	–	7 115
I Jaroudi	10 080	–	6 892 <sup>@</sup>	8 027	24 999	–	24 999
L Modise <sup>2</sup>	2 240	246	3 318 <sup>+</sup>	2 456	8 260	–	8 260
F Moolman	9 615	496	2 878 <sup>@</sup>	8 104	21 093	–	21 093
G Motsa	7 323	805	703	6 823	15 654	–	15 654
P Norman	6 057	699	532	6 850	14 138	–	14 138
J Schulte-Bockum	9 398	986	497	13 019	23 900	–	23 900
F Sekha	4 254	468	591	5 082	10 395	–	10 395
K Toriola	8 151	815	3 160	6 984	19 110	–	19 110
<b>Total</b>	<b>70 428</b>	<b>5 731</b>	<b>25 322</b>	<b>66 203</b>	<b>167 684</b>	<b>–</b>	<b>167 684</b>

<sup>1</sup> Early retirement on 31 July 2019.

<sup>+</sup> Other benefits include an amount paid in lieu of forfeited benefits from previous employer.

<sup>2</sup> Appointed on 12 August 2019.

<sup>#</sup> Includes medical aid and unemployment insurance fund.

<sup>@</sup> Compensation for loss of office comprises of severance, restraint of trade and gratuity pay.

# Remuneration report continued



## (e) Details of share allocations for executive directors and prescribed officers

Award date	Vesting date	Number outstanding as at 31 December 2019	Awarded	Accrued/ settled	Forfeited	Settlement date	Exercise price R	Number outstanding as at 31 December 2020
<b>RA Shuter<sup>+</sup></b>								
29/09/2017	31/12/2019	213 600	–	(160 200)	(53 400)	27/03/2020	35,66	–
18/12/2017	18/12/2020	200 200	–	–	–	–	–	200 200
28/12/2018	29/12/2021	436 600	–	–	–	–	–	436 600
20/12/2019	20/12/2022	457 100	–	–	–	–	–	457 100
<b>Total</b>		1307 500	–	(160 200)	(53 400)	–	35,66	1 093 900
<b>RT Mupita<sup>++</sup></b>								
18/12/2017	18/12/2020	118 300	–	–	–	–	–	118 300
28/12/2018	29/12/2021	190 200	–	–	–	–	–	190 200
20/12/2019	20/12/2022	223 300	–	–	–	–	–	223 300
21/12/2020	21/12/2023	–	530 800	–	–	–	–	530 800
<b>Total</b>		531 800	530 800	–	–	–	–	1 062 600
<b>PD Norman</b>								
28/12/2016	28/12/2019	56 300	–	–	(56 300)	–	–	–
18/12/2017	18/12/2020	57 700	–	–	–	–	–	57 700
28/12/2018	29/12/2021	94 600	–	–	–	–	–	94 600
20/12/2019	20/12/2022	100 900	–	–	–	–	–	100 900
21/12/2020	21/12/2023	–	139 100	–	–	–	–	139 100
<b>Total</b>		309 500	139 100	–	(56 300)	–	–	392 300
<b>G Moisa</b>								
09/03/2017	28/12/2019	66 500	–	–	(66 500)	–	–	–
18/12/2017	18/12/2020	69 700	–	–	–	–	–	69 700
28/12/2018	29/12/2021	114 100	–	–	–	–	–	114 100
20/12/2019	20/12/2022	121 800	–	–	–	–	–	121 800
21/12/2020	21/12/2023	–	167 800	–	–	–	–	167 800
<b>Total</b>		372 100	167 800	–	(66 500)	–	–	473 400
<b>J Schulte-Bockum<sup>+++</sup></b>								
18/12/2017	18/12/2020	125 500	–	–	–	–	–	125 500
28/12/2018	29/12/2021	205 500	–	–	–	–	–	205 500
20/12/2019	20/12/2022	216 400	–	–	–	–	–	216 400
21/12/2020	21/12/2023	–	315 800	–	–	–	–	315 800
<b>Total</b>		547 400	315 800	–	–	–	–	863 200

<sup>+</sup> Appointed on 13/03/2017. On appointment, RA Shuter was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive was determined based on the market value of 327 214 ordinary listed shares in MTN Group Limited. The incentive was paid on 12/03/2020.

<sup>1</sup> Resigned from being Group President and CEO on 31 August 2020.

<sup>++</sup> Appointed on 03/04/2017. On appointment, RT Mupita was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive was based on the market value of 446 027 ordinary listed shares in MTN Group Limited. The incentive was paid on 28/10/2019.

<sup>+++</sup> Appointed on 16/01/2017. On appointment, J Schulte-Bockum was granted a cash-settled share-based payment incentive in lieu of unvested stocks or equity relinquished upon resignation from previous employment. The value of the incentive was determined based on the market value of 64 423 ordinary listed shares in MTN Group Limited. The incentive was paid on 15/01/2020.

<sup>2</sup> Ceased to be GCFO on 31 August 2020. Appointed as Group President and CEO on 1 September 2020.

# Remuneration report continued

## (e) Details of share allocations for executive directors and prescribed officers continued

Award date	Vesting date	Number outstanding as at 31 December 2019	Awarded	Accrued/ settled	Forfeited	Settlement date	Exercise price R	Number outstanding as at 31 December 2020
<b>F Moolman</b>								
28/12/2016	28/12/2019	66 400	–	–	(66 400)	–	–	–
18/12/2017	18/12/2020	66 100	–	–	–	–	–	66 100
28/12/2018	29/12/2021	112 900	–	–	–	–	–	112 900
20/12/2019	20/12/2022	117 300	–	–	–	–	–	117 300
21/12/2020	21/12/2023	–	180 700	–	–	–	–	180 700
<b>Total</b>		362 700	180 700	–	(66 400)	–	–	477 000
<b>PT Sishuba-Bonoyi</b>								
20/12/2019	20/12/2022	36 800	–	–	–	–	–	36 800
21/12/2020	21/12/2023	–	52 100	–	–	–	–	52 100
<b>Total</b>		36 800	52 100	–	–	–	–	88 900
<b>D Molefe*</b>								
20/12/2020	20/12/2023	–	71 300	–	–	–	–	71 300
<b>Total</b>		–	71 300	–	–	–	–	71 300
<b>I Jaroudi</b>								
28/12/2016	28/12/2019	89 000	–	–	(89 000)	–	–	–
18/12/2017	18/12/2020	77 600	–	–	–	–	–	77 600
28/12/2018	29/12/2021	133 700	–	–	–	–	–	133 700
20/12/2019	20/12/2022	135 900	–	–	–	–	–	135 900
21/12/2020	21/12/2023	–	209 300	–	–	–	–	209 300
<b>Total</b>		436 200	209 300	–	(89 000)	–	–	556 500

\* Appointed as a director of a major subsidiary on 1 November 2020.

# Remuneration report continued

## (e) Details of share allocations for executive directors and prescribed officers continued

Award date	Vesting date	Number outstanding as at 31 December 2019	Awarded	Accrued/ settled	Forfeited	Settlement date	Exercise price R	Number outstanding as at 31 December 2020
<b>E Asante</b>								
28/12/2016	28/12/2019	55 900	–	–	(55 900)	–	–	–
18/12/2017	18/12/2020	78 000	–	–	–	–	–	78 000
28/12/2018	29/12/2021	137 500	–	–	–	–	–	137 500
20/12/2019	20/12/2022	143 200	–	–	–	–	–	143 200
21/12/2020	21/12/2023	–	221 600	–	–	–	–	221 600
<b>Total</b>		414 600	221 600	–	(55 900)	–	–	580 300
<b>K Toriola</b>								
28/12/2016	28/12/2019	55 900	–	–	(55 900)	–	–	–
18/12/2017	18/12/2020	69 100	–	–	–	–	–	69 100
28/12/2018	29/12/2021	114 000	–	–	–	–	–	114 000
20/12/2019	20/12/2022	120 800	–	–	–	–	–	120 800
21/12/2020	21/12/2023	–	186 200	–	–	–	–	186 200
<b>Total</b>		359 800	186 200	–	(55 900)	–	–	490 100
<b>S Perumal<sup>1</sup></b>								
20/12/2019	20/12/2022	56 200	–	–	–	–	–	56 200
21/12/2020	21/12/2023	–	79 400	–	–	–	–	79 400
<b>Total</b>		56 200	79 400	–	–	–	–	135 600

<sup>1</sup> Appointed as acting GCFO on 1 September 2020.

# Remuneration report continued

## (f) Year-on-year comparison of remuneration paid to non executive directors

Date appointed		Retainer <sup>#</sup> R000	Attendance <sup>#</sup> R000	Special board R000	Strategy session R000	Ad hoc work R000	Total R000
<b>2020</b>							
<b>Non-executive directors</b>							
MH Jonas	01/06/2018	3 190	1 078	686	174	–	5 128
S Mabaso-Koyana <sup>^</sup>	01/09/2020	136	173	59	–	9	377
PB Hanratty <sup>+</sup>	01/08/2016	518	403	148	59	54	1 182
S Kheradpir <sup>+</sup>	08/07/2015	1 572	317	172	132	–	2 193
NP Mageza <sup>^^</sup>	01/01/2010	163	234	26	59	25	507
MLD Marole <sup>^^</sup>	01/01/2010	252	540	26	118	25	961
AT Mikati <sup>+</sup>	18/07/2006	1 678	986	717	152	235	3 768
SP Miller <sup>+</sup>	01/08/2016	1 441	904	816	132	–	3 293
KD Mokhele	01/07/2018	578	706	310	114	152	1 860
V Rague <sup>+</sup>	01/07/2019	1 497	1 050	831	132	293	3 803
KC Ramon <sup>@@@</sup>	01/06/2014	268	354	203	59	47	931
SLA M Sanusi <sup>+</sup>	01/07/2019	1 471	371	420	132	204	2 598
NL Sowazi	01/08/2016	434	578	320	59	44	1 435
BS Tshabalala	01/06/2018	445	414	249	59	–	1 167
<b>Total</b>		<b>13 643</b>	<b>8 108</b>	<b>4 983</b>	<b>1 381</b>	<b>1 088</b>	<b>29 203</b>

<sup>#</sup> Retainer and attendance fees include fees for Board and committee representation and meetings.

<sup>@</sup> Fees paid to AngloGold Ashanti Limited.

<sup>^</sup> Appointed 1 September 2020.

<sup>+</sup> Fees have been paid in euros.

<sup>^^</sup> Resigned on 30 April 2020.

<sup>^^^</sup> Resigned on 30 September 2020.



# Remuneration report continued

## (f) Year-on-year comparison of remuneration paid to non executive directors continued

	Date appointed	Retainer# R000	Attendance# R000	Special board R000	Strategy session R000	Ad hoc work R000	Total R000
<b>2019</b>							
<b>Non-executive directors</b>							
M Jonas***	01/06/2018	441	498	25	203	115	1 282
PF Nhleko**^^**	28/05/2013	3 480	1 110	35	599	115	5 339
PB Hanratty	01/08/2016	1 323	806	30	376	34	2 569
A Harper**	01/01/2010	1 343	868	21	376	231	2 839
KP Kalyan**	13/06/2006	437	695	35	203	–	1 370
S Kheradpir	08/07/2015	1 328	911	30	376	–	2 645
NP Mageza	01/01/2010	564	631	35	203	20	1 453
MLD Marole	01/01/2010	498	923	35	203	–	1 659
AT Mikati	18/07/2006	1 472	744	31	389	27	2 663
SP Miller	01/08/2016	1 347	892	26	376	–	2 641
KDK Mokhele	01/07/2018	331	463	25	203	–	1 022
V Rague	01/07/2019	691	614	9	251	17	1 582
KC Ramon®	01/06/2014	441	553	35	203	40	1 272
SLA Sanusi	01/07/2019	681	590	9	251	9	1 540
NL Sowazi	01/08/2016	404	578	35	203	–	1 220
BS Tshabalala	01/06/2018	331	361	15	136	–	843
J van Rooyen**	18/07/2006	462	774	35	203	76	1 550
<b>Total</b>		15 574	12 011	466	4 754	684	33 489

\*\*\* Appointed as Chairman on 15 December 2019.

\* Received fees of R873 799 for services rendered on the International Advisory Board.

# Retainer and attendance fees include fees for Board and committee representation and meetings.

® Fees paid to AngloGold Ashanti Limited.

\*\* Resigned on 15 December 2019.

^^^ Fees paid to Captrust Investments Proprietary Limited.

# Glossary

<b>2G</b>	Second generation mobile
<b>3G</b>	Third generation mobile
<b>4G/LTE</b>	Fourth generation or long-term evolution mobile communications
<b>AFCF</b>	Adjusted free cash flow
<b>AFS</b>	Annual Financial Statements
<b>AI</b>	Artificial intelligence
<b>API</b>	Application programming interface
<b>ARP</b>	Asset realisation programme
<b>BCM</b>	Business continuity management
<b>B-BBEE</b>	Black economic empowerment
<b>CAGR</b>	Compound annual growth rate
<b>Capex</b>	Capital expenditure
<b>Capex intensity</b>	Capex divided by revenue
<b>CBN</b>	Central Bank of Nigeria
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>Churn</b>	Average disconnections in a period divided by average monthly customers
<b>CSI</b>	Corporate social investment
<b>CODM</b>	Earnings before finance income and finance costs (which includes gains or losses on foreign exchange transactions and a loss on revision of cash flows from a JV), tax, depreciation and amortisation, and is also presented before recognising the following items:
<b>EBITDA</b>	
	<ul style="list-style-type: none"> <li>• impairment of JV and goodwill;</li> <li>• net monetary gain resulting from the application of hyperinflation;</li> <li>• share of results of associates and JVs after tax;</li> <li>• hyperinflation;</li> <li>• lower sale profits;</li> <li>• gain on disposal/dilution of investment in associate and JV;</li> <li>• gain on disposal of subsidiary; and</li> <li>• impairment loss on remeasurement of non-current assets held for sale.</li> </ul>
<b>COO</b>	Chief Operating Officer
<b>COVID-19</b>	The novel coronavirus
<b>CP</b>	Company performance
<b>CVM</b>	Customer value management
<b>EPS</b>	Earnings per share
<b>ESG</b>	Environmental, social and governance
<b>ESOP</b>	Employee share ownership plan

<b>Exco</b>	Executive Committee
<b>EP</b>	Employee performance
<b>Fintech</b>	Includes MTN Mobile Money, ecommerce, insurance, airtime lending and data monetisation streams
<b>Forex</b>	Foreign exchange
<b>GDP</b>	Gross domestic product
<b>GHG</b>	Greenhouse gas
<b>GSMA</b>	The GSM Association
<b>HEPS</b>	Headline earnings per share
<b>Holdco</b>	Holding company
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	Information and communication technologies
<b>IFRS</b>	International Financial Reporting Standards
<b>IIRC</b>	International Integrated Reporting Council
<b>IPO</b>	Initial public offering
<b>IoT</b>	Internet of Things
<b>ISP</b>	Internet service provider
<b>ITU</b>	International Telecommunication Union
<b>JSE</b>	Johannesburg Stock Exchange
<b>JV</b>	Joint venture
<b>KPI</b>	Key performance indicators
<b>KYC</b>	Know your customer: a process to identify and verify customer identity
<b>LA</b>	Limited assurance
<b>LTI</b>	Long-term incentive
<b>M&amp;A</b>	Mergers and acquisitions
<b>Manco</b>	MTN's group management company
<b>MB</b>	Megabyte
<b>MENA</b>	Middle East and North Africa
<b>MFS</b>	Mobile financial services
<b>MoMo</b>	MTN Mobile Money
<b>MSR</b>	Minimum shareholding requirement
<b>MOU</b>	Minutes of use
<b>NIN</b>	National identification numbers
<b>NM</b>	Not measurable
<b>NPS</b>	Net promoter score
<b>Opcos</b>	Our operating companies
<b>Opex</b>	Operating expenditure
<b>OTT</b>	Over the top services

<b>QoS</b>	Quality of service
<b>RAN</b>	Radio access network
<b>ROACE</b>	Return on average capital employed
<b>ROE</b>	Return on equity
<b>ROI</b>	Return on investment
<b>ROIC</b>	Return on invested capital
<b>SARS</b>	Share appreciation rights scheme
<b>SDG</b>	Sustainable Development Goals
<b>SEAGHA</b>	Southern and East Africa and Ghana region
<b>SIM</b>	Subscriber identity module
<b>SME</b>	Small and medium enterprise
<b>SMP</b>	Significant market power
<b>SMS</b>	Short message service
<b>SRP</b>	Share rights plan
<b>SSA</b>	Sub-Saharan Africa
<b>TP</b>	Team performance
<b>TSR</b>	Total shareholder return
<b>UN</b>	United Nations
<b>USSD</b>	Unstructured supplementary service data
<b>VP</b>	Vice-president
<b>WECA</b>	West and Central Africa
<b>WFH</b>	Work from home
<b>YoY</b>	Year-on-year



# Definitions for assured non-financial data



KPI	Criteria
<b>Group employee culture survey result: sustainable engagement percentage</b>	<p>The MTN Group employee culture survey is conducted annually across each of the MTN Group's operating countries (referred to as opcos), and within the MTN Group head office (management company referred to as manco).</p> <p>The survey reviews Sustainable Engagement across three major components:</p> <ul style="list-style-type: none"> <li>• <b>Engagement:</b> measuring the rational connection, emotional attachment and motivational aspect of Engagement.</li> <li>• <b>Enablement:</b> measuring if employees have an appropriate level of support in their work environment to ensure they are capable of doing their jobs well.</li> <li>• <b>Energy:</b> measuring employees' wellbeing to ensure people have capacity to perform at their best.</li> </ul>
<b>Group whistle-blower hotline data: number of fraud incidents reported and reviewed</b>	<p>The anonymous tip-offs line is managed by a third party, who collects the tip-offs and reports to MTN. MTN is responsible for the investigation of the tip-off. The tip-off items received include fraudulent tip-offs and other administrative matters.</p> <p>An incident is regarded as received when the call is logged on the anonymous tip-offs line, evaluated by the contracted third party to eliminate dropped calls, prank calls and other non-events. Formal whistle-blowing reports are issued to MTN through the Deloitte Tip-offs Anonymous website.</p>
<b>Net promoter score percentage for MTN South Africa, MTN Nigeria, and other key markets</b>	<p>Net promoter score (NPS) measures customers' experience with a brand through a simple question:</p> <p>"On a scale of 0 to 10, how likely would you be to recommend MTN to a friend or family member?"</p> <p>Responses of nine or 10 are considered 'promoters' while responses of seven or eight are considered 'passives'. Any score of six or below is considered to be a 'detractor'. Each country's NPS is calculated by subtracting the percentage of 'detractors' from the percentage of 'promoters'. Combined scores of multiple operations are calculated by weighting responses according to subscriber base within each operation.</p>
<b>Group total tax contribution: R</b>	<p>Tax-related payments made during the 1 January 2020 to 31 December 2020 period which relate to:</p> <ol style="list-style-type: none"> <li>1. Taxes borne through the operation of the company, including: <ul style="list-style-type: none"> <li>• Corporate income tax.</li> <li>• Product and indirect taxes such as: <ul style="list-style-type: none"> <li>– Custom duties.</li> <li>– Excise duties.</li> <li>– Value added tax (borne).</li> <li>– Other indirect taxes (e.g. but not limited to, country-specific taxes on services).</li> </ul> </li> <li>• People and payroll taxes such as: <ul style="list-style-type: none"> <li>– Unemployment insurance fund levy.</li> <li>– Occupational injuries and diseases levy.</li> <li>– Skills development levy.</li> <li>– Pay-as-you-earn settlements.</li> </ul> </li> <li>• Withholding taxes.</li> <li>• Property taxes.</li> <li>• Stamp duty.</li> <li>• Operating licence fees.</li> <li>• Other government-specific levies (e.g. but not limited to local government permits, motor vehicle permits, property and municipal levies, registration fees and other government levies).</li> </ul> </li> <li>2. Taxes collected on behalf, and paid over, to the tax authorities, including: <ul style="list-style-type: none"> <li>• Product and indirect taxes such as: <ul style="list-style-type: none"> <li>– Value added tax (net of VAT collected by, and VAT refunded to, MTN).</li> </ul> </li> <li>• People and payroll taxes such as: <ul style="list-style-type: none"> <li>– Pay-as-you-earn.</li> <li>– Other employee taxes.</li> <li>– Unemployment insurance fund levy.</li> </ul> </li> <li>• Withholding taxes such as: <ul style="list-style-type: none"> <li>– Dividends tax.</li> </ul> </li> </ul> </li> </ol>

# Administration

01

All about  
MTN

02

How we  
create value

03

Strategic and  
financial review

04

Governance and  
remuneration



## MTN Group Limited

Incorporated in the Republic of South Africa

**Company registration number:** 1994/009584/06

**ISIN:** ZAE000042164

**Share code:** MTN

## Board of directors

MH Jonas\*

RT Mupita<sup>1</sup>

RA Shuter<sup>1</sup> (resigned 31 August 2020)

TBL Molefe<sup>1</sup> (appointed 1 April 2021)

PB Hanratty<sup>2\*</sup>

S Kheradpir<sup>3\*</sup>

AT Mikati <sup>#4</sup>

SP Miller<sup>5\*</sup>

NL Sowazi\*

P Mageza\* (resigned 30 April 2020)

D Marole\* (resigned 30 April 2020)

KC Ramon\* (resigned 30 September 2020)

S Mabaso-Koyana\* (appointed 1 October 2020)

BS Tshabalala\*

KDK Mokhele\*

SLA Sanusi<sup>6\*</sup>

VM Rague<sup>7\*</sup>

NP Gosa\* (appointed 1 April 2021)

CWN Molope\* (appointed 1 April 2021)

<sup>1</sup> Executive

<sup>2</sup> Irish

<sup>3</sup> American

<sup>4</sup> Lebanese

<sup>5</sup> Belgian

<sup>6</sup> Nigerian

<sup>7</sup> Kenyan

\* Independent non-executive director

# Non-executive

## Group secretary

PT Sishuba-Bonoyi

Private Bag X9955, Cresta, 2118

## Registered office

216 – 14th Avenue

Fairland

Gauteng, 2195

## American depository receipt (ADR) programme

Cusip No. 62474M108

ADR to ordinary share 1:1

## Depository: The Bank of New York

101 Barclay Street, New York NY. 10286, USA

## MTN Group sharecare line

Toll free: 0800 202 360 or +27 11 870 8206

if phoning from outside South Africa

## Transfer secretaries

Computershare Investor Services Proprietary Limited

Registration number 2004/003647/07

Rosebank Towers, 15 Biermann Avenue

Rosebank, 2196

PO Box 61051, Marshalltown, 2107

## Joint auditors

**PricewaterhouseCoopers Inc.**

Waterfall City, 4 Lisbon Lane, Jukskei View

Midrand, 2090

## Ernest & Young Inc.

102 Rivonia Road, Sandton, Johannesburg,

South Africa, 2146

Private Bag x14, Northlands, 2126

## Lead sponsor

JP Morgan Equities (SA) Proprietary Limited

1 Fricker Road, cnr Hurlingham Road, Illovo, 2196

## Joint sponsor

Tamela Holdings Proprietary Limited

Ground Floor, Golden Oak House, 35 Ballyclare Drive,

Bryanston, 2021

## Attorneys

Webber Wentzel

90 Rivonia Road, Sandton, 2196

PO Box 61771, Marshalltown, 2107

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**Date of release:** 23 April 2021

## Forward-looking information

Opinions and forward-looking statements expressed in this report represent those of the Company at the time. Undue reliance should not be placed on such statements and opinions because by nature, they are subjective to known and unknown risk and uncertainties and can be affected by other factors that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements.

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