

MTN ZAKHELE FUTHI (RF) LIMITED
Incorporated in the Republic of South Africa
(Registration number 2016/268837/06)
("MTNZF" or the "Company")

**MTNZF SHAREHOLDERS' DIRECTOR NOMINATION AND ELECTION RIGHTS IN TERMS OF
THE MEMORANDUM OF INCORPORATION OF THE COMPANY ("MOI") AND
THE COMPANIES ACT, 71 OF 2008, AS AMENDED (THE "COMPANIES ACT")**

1. INTRODUCTION

- 1.1 This document contains a summary of the important information relating to the rights of MTNZF Shareholders, in terms of the MOI and the Companies Act, to nominate and elect directors and/or alternate directors to the MTNZF board, from time to time.
- 1.2 Unless the context indicates otherwise, capitalised (defined) terms used in this note bear the meanings given to such terms in the MOI.

2. ELECTION OF DIRECTORS AND ALTERNATE DIRECTORS AND VACANCIES

2.1 Election of directors

- 2.1.1 In terms of section 68 of the Companies Act, the directors of MTNZF must be elected by the MTNZF Shareholders in general meeting.
- 2.1.2 During the MTNZF Empowerment Compliance Period (ie 24 November 2016 to 25 November 2024):
- 2.1.2.1 The minimum number of directors on the MTNZF board shall, at all times, be three and the maximum number of directors shall be five.
- 2.1.2.2 Two positions on the MTNZF board are reserved for MTN Nominated Directors, being the directors (and, as applicable, their alternate directors) nominated by MTN.
- 2.1.2.3 Save in respect of the MTN Nominated Directors, no person shall be appointed as a director (and any such appointee shall immediately cease to hold office) if:
- 2.1.2.3.1 as a result of such appointment the majority of the directors will not be Black People; or
- 2.1.2.3.2 immediately prior to such appointment the minority of the directors were Black People, unless such proposed director is himself/herself a Black Person.
- 2.1.2.4 No resolution by MTNZF Shareholders proposing the appointment of a director and no nomination by an MTNZF Shareholder(s) for a director may be proposed at any general or annual general meeting (other than, in each case, a resolution or proposal for the re-election and/or confirmation of an existing director, including a director retiring by rotation):
- 2.1.2.4.1 if the election of such person as a director would be in conflict with paragraph 2.1.2.3 above;
- 2.1.2.4.2 unless the intended MTNZF Shareholder resolution or proposal is notified to MTNZF not less than 14 business days prior to the

meeting, and, if applicable, contains such information concerning the identity, background and qualifications of the proposed director (as the directors or MTNZF Shareholders in general meeting may reasonably specify from time to time);

2.1.2.4.3 unless the MTNZF Shareholder intended resolution or proposal is in respect of a person who:

2.1.2.4.3.1 has been approved by either MTN or by the then current directors of MTNZF;

2.1.2.4.3.2 will, if such proposed director is appointed, meet the criteria to be an independent non-executive director of MTNZF as contemplated in the Code of Good Governance Principles for South Africa - 2009 as laid out in the King III Report on Corporate Governance for South Africa - 2009 published by the Institute of Directors in Southern Africa, as amended ("**King III**"); and

2.1.2.4.3.3 meets the criteria to be classified as an independent non-executive director of MTN (as contemplated in King III) if he/she were to hold a directorship in such company and, further, is not an existing employee of the MTN Group, a director of any company in the MTN Group, or a beneficial owner of more than 2% of MTN Shares.

2.1.3 In any election of directors and alternate directors, the election is to be conducted as follows: a series of votes of those entitled to exercise voting rights regarding such election, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the MTNZF board at that time have been filled; and in each vote to fill a vacancy - each voting right entitled to be exercised may be exercised once; and the vacancy is filled only if a majority of the voting rights exercised support the candidate.

2.1.4 No Person shall be elected as a director or alternate director, if he is Ineligible or Disqualified and any such election shall be a nullity.

2.1.5 Any vacancy occurring on the board (save for a vacancy in respect of an alternate director) may be filled by the board, but the individual so appointed shall cease to hold office at the termination of the first MTNZF Shareholders meeting to be held after the appointment of such individual as a director unless he is elected at such MTNZF Shareholders meeting or by round robin resolution. If there is no director able and willing to act, then any MTNZF Shareholder entitled to exercise voting rights in the election of a director may convene an MTNZF Shareholders meeting for the purpose of electing directors.

2.2 **Alternate directors**

An alternate director may serve in the place of one or more director/s. Alternate directors shall be elected by the MTNZF Shareholders in general meeting and shall serve in office until the earlier of the cessation of office of the director in respect of whom they are an alternate director, or such alternate director otherwise ceasing to hold office.

2.3 **Re-election of directors**

2.3.1 At every general meeting, 1/3 (one-third) of the directors (including the MTN Nominated Directors) must retire from office. The directors to retire at each annual general meeting shall be those who have been longest in office since their last election or appointment.

- 2.3.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at an annual general meeting or a director standing for confirmation pursuant to paragraph 2.1.5 above shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting, unless the provisions of paragraph 2.1.2.3 above are complied with. MTNZF Shareholders may in a general meeting fill the vacated offices by electing a like number of persons to be directors, and may fill any other vacancies other than those in respect of positions reserved for the MTN Nominated Directors.
- 2.3.3 If at any annual general meeting and/or MTNZF Shareholders meeting at which an election of directors ought to take place, the place of any retiring director or a director standing for confirmation is not filled, he/she shall, if willing, continue in office until the dissolution of the next succeeding annual general meeting, and so on from year to year until his/her place is filled, unless it shall be determined by ordinary resolution at such meeting not to fill such vacancy.
- 2.4 **Qualification**
- 2.4.1 There are no general academic qualifications prescribed by the Company for a person to serve as a director or an alternate director in addition to the requirements of the Companies Act.
- 2.4.2 In terms of section 66(1) read with section 94(2) of the Companies Act, MTNZF, as a public company, is required in every general meeting to appoint an audit committee comprising of at least three members. In terms of section 94(4), each member of the audit committee must be a director of the Company.
- 2.4.3 In terms of regulation 42 of the Companies Regulations, 2011, at least 1/3 (one-third) of the members of the audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.
- 2.4.4 In addition, in terms of Principle 7 of the King IV Report on Corporate Governance for South Africa - 2016, the board shall comprise an appropriate balance of knowledge, skills and experience necessary for it to discharge its duties to the Company.