

REMUNERATION COMMITTEE

TERMS OF REFERENCE

The Remuneration Committee (Remco) of Mauritius Telecom (MT) will operate with the specific role of establishing the appropriate levels of pay and benefits of its local and overseas employees.

Composition

The Remco should consist of the Chairman and three non-executive Directors. The CEO and DCE will be in attendance whilst the Group Head of HR will either act as Technical Secretary or otherwise as the case may be. The Remco will be chaired by the Chairman and during his absence, by one of the three members. The quorum for the meeting shall be three.

Scope

The Remco will review all aspects of the terms and conditions of service of Management and non-Management staff with the following terms of reference:

- (a) Recognise that the remuneration benefits package is a major cost, but also a significant management instrument which must be used strategically and positively with a clear view of the cost/benefit implications of any pay proposal.
- (b) Establish an appropriate comparator market in terms of the types of organisations which could be direct competitors for the calibre of staff required and against which the Company in practice has to recruit within the business environment.

This list will typically include the following organisations: Shell, Phoenix Beverages, BAT, IBL, Price Waterhouse Coopers, Sun International, Rogers, Air Mauritius Ltd, Medine and Happy World etc.

- (c) Ensure that arrangements are made for regular surveys of remuneration and benefits, with a sufficient sample of comparator companies to obtain a reliable measure of the market. This may be through participation in "top team" surveys of other companies or the commissioning of a survey through suitable local consultants.
- (d) State and justify a pay posture target relative to that market with the appropriate relative position recognising that the Company will need to attract and retain Managers and professionals of high calibre. [This will typically be D9 (90 Decile) of total cash gross].

- (e) Ensure that proposed changes to the package are based on the market and affordability. The pay review should not be linked only to the cost of living (except to the extent that inflation is reflected in market pay levels). The frequency of reviews should be governed by normal practice amongst comparator companies.
- (f) Ensure that remuneration systems offer the opportunity of excellent reward for excellent performance, rather than any advance guarantee of such reward with incentive schemes generating an increasing differential for improving levels of performance.
- (g) Ensure that the remuneration packages include components which will provide incentive to top management to significantly enhance the long-term business standing of the Company.
- (h) Examine reward packages as a whole, seeking overall competitiveness rather than item-by-item comparability.
- (i) Review the individual components of the total reward to determine, via employees and market trends, the benefit value of each element and adjust the package to achieve the greatest perceived value for cost.
- (j) Ensure that the remuneration package is at all times fully in compliance with local taxation and legal requirements, whilst at the same time maximising legitimate commercial advantage.
- (k) The Remco is charged with reviewing all terms and conditions to include all benefits in kind and the salary structures and grading.
- (l) Maintain an effective system of job evaluation to ensure that the grade structure is maintained at Management level.
- (m) Approve the appointments of, and determine the pay levels for new recruits at Management level. At the same level of seniority, approve internal appointments and any changes in salary and approve service contracts for Management.
- (n) Be responsible for the recruitment or promotion to position of CEO and Officers directly reporting to CEO and approve their service contract.

(o) Collective Pay/Benefit Awards

The Remco will be required to give prior approval to collective pay/benefit awards for unionised employees. The Remco will empower the CEO, DCE and the Head of HR to negotiate pay/benefit settlements with recognised Trade Unions or Employees' Association within predetermined limits, agreements being notified to Remco members on completion of negotiations. When pay/benefits are determined by legislation or the Company is part of an Employers' Association, the likely awards, and confirmation of awards including the costs of translating such awards to Company level pay and benefits will be notified to the Remco.

(p) Retirement Schemes

After salary, retirement benefit schemes are frequently the largest single element of the total package to the Company in cost terms and to the individual in benefit terms. Their structure should take into account local practice and arrangements in the appropriate comparator market. Administrators, both internal and external, should provide a value for money service and be under continuous review. Security of funds is paramount and trustees or committees should be suitably trained and aware of their responsibilities. Actuarial reviews for all schemes should be carried out a minimum of every 3 years and the assumptions used in line with market practice.

Function

The Remco should formally meet four times a year coinciding with the company's Board Meetings or more frequently if necessary.

The annual format for managing the Remco will be as follows:

- Step 1: Agree dates for the Remco with Chairman and confirm membership attendance at the Board Meetings.
- Step 2: Agree Agenda in advance with Chairman and the key areas of focus for the forthcoming Board Meetings.
- Step 3: Remco meets. The first of these annual meetings is aimed at commissioning and setting the terms of reference for the collection of the background market data required in order to provide a basis for reviewing packages. This process might include deciding who the comparator companies should be and deciding whether the work should be carried out in-house or by external consultants.
- Step 4: The Head of HR compiles background data for the next meeting for submission to Remco members for pre-reading.

- Step 5: Remco meets. Head of HR or Company Secretary takes minutes.
- Step 6: Remco Minutes circulated for agreement; signed copies of Minutes to be returned to the Secretary. In the absence of the Chairman at the Remco meeting, the Minutes should be given to the sitting Chairman for agreement prior to any decisions becoming confirmed.
- Step 7: Agree date and Agenda of next Remco Meeting.
- Notice of Meeting and Agenda with supporting documents to be submitted within five working days.

Process

A grid for selection and appointment process is at Annex.

Authority

The Minutes will form the basis for action by the Company after the Chairman has approved them.

The Internal Audit function should ensure that all of the above procedures are being applied in an appropriate and consistent manner, and should ensure that all payments are in agreement with approved Minutes.

Inclusion

The Remco remit covers not only local terms and conditions, and also expatriate terms and conditions overseas.

31 August 2006

ANNEX

	LEVEL 1 EXECUTIVE HEAD	LEVEL 2 SENIOR EXECUTIVE
Advertisement of Position	Prepared by Management and issued after approval of REM CO	Prepared by Management and issued in consultation with REM CO
Selection Process/Interviews	<ul style="list-style-type: none"> - Selection process proposal made by Management to REM CO for approval. - Management to undertake preliminary interviews according to approved proposed framework. - REM CO reserve partly or in full the right to participate in the exercise. 	By Management
Appointment	<p>Approval by REM CO</p> <p>Approval will cover:</p> <ul style="list-style-type: none"> - Job Description - Deliverables 	<p>By Management subject to review by REM CO</p> <p>Review will cover:</p> <ul style="list-style-type: none"> - Job Description - Deliverables
Contract Terms	Developed by Management and approved by REM CO prior to signing	Approval by REM CO prior to signing
Objectives	Developed by Management and approved by REM CO	Approved by Management. Subject to review by REM CO

