



NASPERS

# ENVIRONMENTAL SUSTAINABILITY PROGRAMME

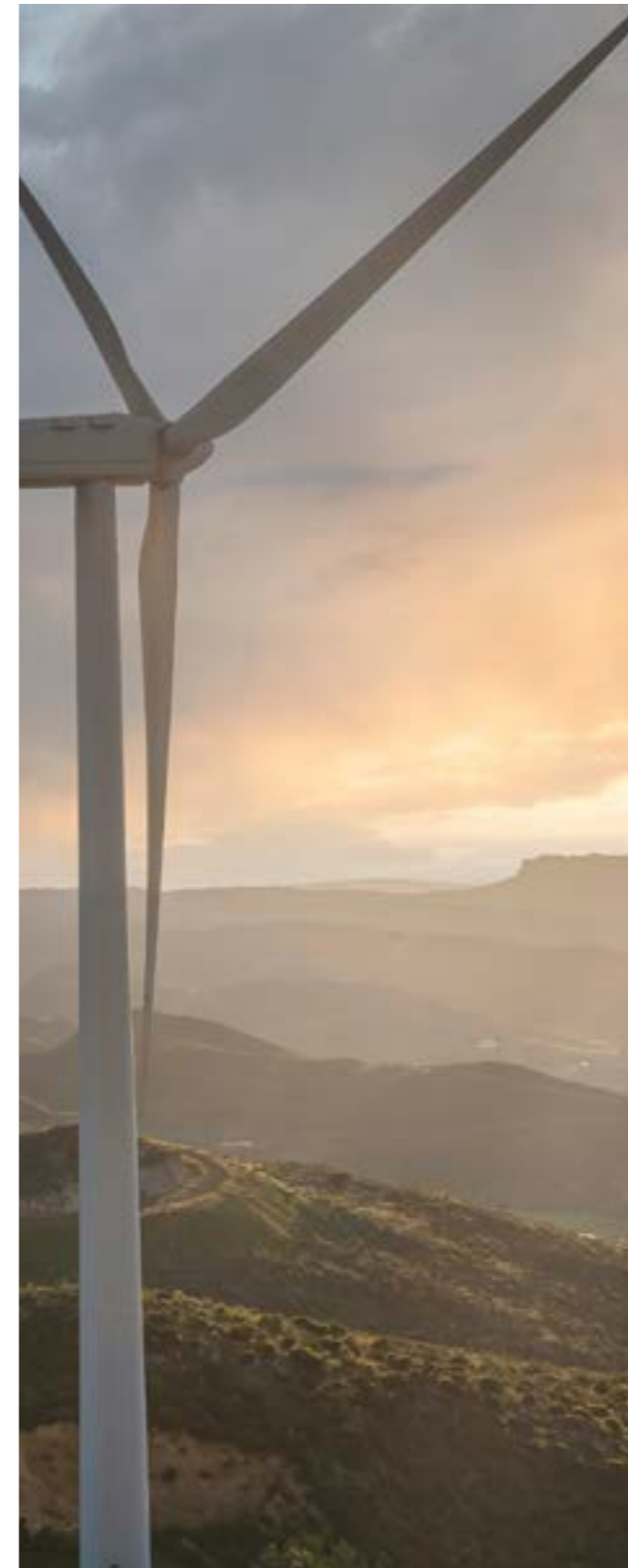
Improving everyday life for billions  
of people through technology

**Naspers**  
is a global technology group with businesses and investments in growth markets around the world.

## Contents

|    |                                                             |
|----|-------------------------------------------------------------|
| 1  | <b>Introduction</b>                                         |
| 2  | <b>Chief executive's statement</b>                          |
| 3  | <b>1 Managing our impact</b>                                |
| 3  | 1.1 Responsible investing                                   |
| 3  | 1.2 Materiality                                             |
| 4  | 1.3 Scope of impact                                         |
| 7  | <b>2 Governance</b>                                         |
| 7  | 2.1 Sustainability governance                               |
| 8  | 2.2 Management responsibilities                             |
| 8  | 2.3 Portfolio engagement approach                           |
| 9  | 2.4 Building collaboration and learning across the group    |
| 9  | 2.5 Environmental advocacy, awareness and training          |
| 10 | 2.6 External partnerships and commitments                   |
| 11 | <b>3 Strategy and climate transition plan</b>               |
| 11 | 3.1 Our strategy                                            |
| 12 | 3.2 Targets and metrics                                     |
| 13 | 3.3 Climate transition engagement plan                      |
| 14 | 3.4 Fair and just transitions                               |
| 14 | 3.5 Value-chain engagement                                  |
| 15 | <b>4 Risk management and scenario analysis</b>              |
| 15 | 4.1 Assessing climate-related risks                         |
| 15 | 4.2 Climate-related physical risks                          |
| 16 | 4.3 Climate-related transition risks                        |
| 17 | 4.4 Scenario analysis                                       |
| 18 | 4.5 Risk impact quantification                              |
| 18 | 4.6 Managing exposure to climate-related risks              |
| 20 | 4.7 Climate-related opportunities assessment and management |
| 22 | <b>5 Resource use</b>                                       |
| 22 | 5.1 Sustainable packaging                                   |
| 22 | 5.2 Framework for sustainable packaging                     |
| 23 | 5.3 Packaging waste                                         |
| 23 | 5.4 Building a circular economy                             |
| 24 | <b>6 Pollution</b>                                          |
| 25 | <b>7 Water</b>                                              |
| 25 | 7.1 Water consumption in data centres                       |
| 25 | 7.2 Corporate water use                                     |
| 26 | <b>Glossary</b>                                             |

## Introduction



Our impact on our natural environment, whether positive or negative, can affect our people, customers, reputation and operations, which can have an effect on our financial performance. Measuring, managing and reporting our environmental impact is an important element of our ability to create sustainable value as a business.

In this document we share our approach on how we define, measure and manage the environmental impacts of our group. We've created this document for all our stakeholders, to provide a comprehensive overview of our impact on the planet and to outline how we address the resulting risks and opportunities.

The framing of our environmental impact is inspired by the United Nations Sustainable Development Goals (UN SDGs) and contributes in particular to principles 11, 12 and 13.

We apply environmental principles and environmental or climate key performance indicators (KPIs) to the core of what we do – making investment decisions and building companies into successful businesses – thereby contributing to the sustainable development of our world. Our investments help to increase the resilience of the communities they operate in, supporting the transition to greener economies.

Environmental, social and governance (ESG) and sustainability are dynamic areas that will continue to evolve, particularly in the markets in which we operate. Consequently, our environment programme, which is based on the concepts and principles outlined in our sustainability policy, is reviewed and updated on a regular basis in response to changes in legislation, stakeholder expectations and developments in our business. We will continue our efforts on transparency on our environmental impact reporting updates via our annual report and corporate website.



We welcome feedback from our stakeholders on this document, please reach us via [sustainability@naspers.com](mailto:sustainability@naspers.com).

## Chief executive’s statement



Sustainability targets are embedded in the annual business-planning process where we engage in the ESG performance of our portfolio companies and their strategies, targets and budgets for the year.

At Naspers and Prosus we use technology to build leading companies that enrich communities. I am convinced that we can harness this power of innovation and technology to contribute towards climate action.

Our aim is to be a sustainable business. We do this by investing in tech-driven asset-light and low-carbon digital services in high-growth markets that support local job creation and prosperity. And a robust environmental sustainability programme is crucial to deliver long-term value for our investors.

We have a low emissions profile and we do not operate in high-emitting sectors – so why do we spend so much time and resources to drive climate action across our group? We do this because each one of us needs to contribute to solutions that will limit global warming to enable us to leave behind a planet that can meet the needs of our generation and generations to come.

Action on climate change, access to digital services, responsible supply chains, and delivering sustainable consumer products and services are fundamental to our sustainability agenda. By integrating sustainability considerations into our decision-making – from capital allocation to value crystallisation – we have built a portfolio of low-carbon businesses that contribute to social progress.

The management team is responsible for creating a culture aimed at long-term value creation and ensuring that ethical business standards are integrated into the group’s strategies and operations. Our most senior executives have sustainability KPIs as part of their remuneration scorecard and progress is published annually in our remuneration report.

Climate action continues to be a key priority and we apply a considered approach. We are committed to a climate journey aligned with the Paris Agreement to limit global warming to 1.5°C. We will continue with our plan to reduce the greenhouse gas emissions of our corporate operations and our investment portfolio, having defined our science-based targets and working towards establishing a net-zero pathway.

We are helping our investment companies, many of which operate in higher-growth economies, to define their individual climate action strategies: the specific action they are taking depends on their operating environments.

Our activities contribute to building an economy characterised by circularity financial inclusion, improved access to livelihoods, and education for all. We are committed to increasing our exposure to sustainably-driven business models, both by improving the ESG performance of our established businesses and by investing in breakthrough technologies with the potential to address global challenges.

We will continue to find opportunities where technology is driving a systemic transition towards low-carbon growth and sustainable business models. And we will double down on our efforts to uncover opportunities where technology can lead to meaningful change for the benefit of the planet and its people.

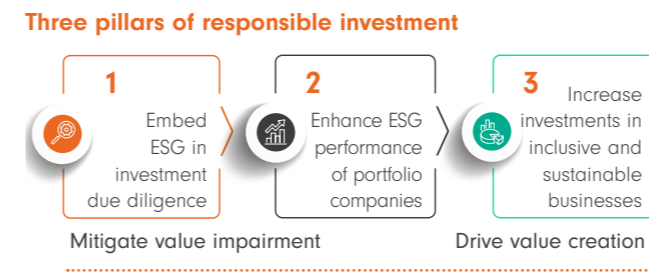
**Fabricio Bloisi**  
Chief executive

## 1 Managing our impact

### 1.1 Responsible investing

Making responsible investments is at the heart of the capital allocation decisions that we make. To create sustainable value, we follow a responsible investment approach, based on three pillars (see figure 1.1).

Figure 1.1: Three pillars of responsible investment



**Firstly**, we mitigate risks to people and to our planet: ESG screening is built into our pre-investment due diligence process. We proactively limit our exposure to carbon-intensive sectors.

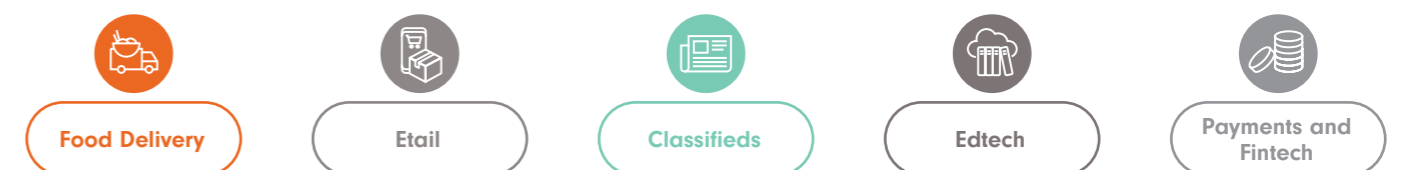
**Secondly**, we manage for performance: our investees share our entrepreneurial instincts, and our companies are motivated by a commitment to delivery and profitability. We strive to enhance the ESG performance of all companies in our investment portfolio, both those that are majority-owned by us and those in which we have a minority interest (though our influence is naturally greatest over the former).

All portfolio companies are encouraged to conduct regular materiality analyses and participate in an ESG performance assessment, using the S&P global corporate sustainability assessment framework.

**Thirdly**, we are committed to increasing exposure to sustainability-driven business models across our portfolio. We will identify and invest in:

- › Innovations that drive the systemic transition towards a low-carbon economy
- › Software opportunities where digital services are transforming the environmental footprint and social impact of traditional business sectors
- › Asset-light digital services that deliver on our group purpose to improve everyday life for half the planet’s people.

Figure 1.2: Our investment areas



Through our investment activities, we are in an ideal position to play an active role in the transition to a low-carbon economy. Our investments can contribute to positive systemic change, such as dematerialisation of educational services and developing a circular economy.

### 1.2 Materiality

We have built an investment portfolio of businesses that is focused on consumer internet services, across five areas: Classifieds, Food Delivery, Payments and Fintech, Education technology (Edtech) and Etail (figure 1.2).

Our digital platforms in our portfolio are software-driven and asset-light in their operations, thereby having a relatively low environmental footprint.

The diversity of our group companies, not only in terms of business sector and geography, but also in their relative maturity, means that the nature of their material environmental impacts, and how to define them, will vary. We work closely with our subsidiaries on their accounting and reporting of their environmental impacts.

Most of the companies in our investment portfolio operate in high-growth markets and regions that typically are more vulnerable to the effects of climate change, biodiversity loss and other changes to our natural world. All subsidiaries are encouraged to conduct a materiality analysis based on their business model, operations and geography to help identify their environment-related risks and opportunities. This analysis is an important pillar in our understanding of their potential to create sustainable value.

## 1 Managing our impact continued

Figure 1.3: Material environmental impact themes

| Material environmental impact themes |                                                                    |                                    |                              |                                      |                                                                    |
|--------------------------------------|--------------------------------------------------------------------|------------------------------------|------------------------------|--------------------------------------|--------------------------------------------------------------------|
| Theme                                | Climate                                                            | Resource use and circular economy  |                              | Pollution                            | Water                                                              |
| Topic                                | Climate mitigation and adaption                                    | Extended life of consumer products | Packaging used in deliveries | Air pollution from delivery vehicles | Water consumption in data centres                                  |
| Applicable sector                    | Food Delivery, Payments and Fintech, Etail, Edtech and Classifieds | Classifieds and Etail              | Food Delivery and Etail      | Food Delivery and Etail              | Food Delivery, Payments and Fintech, Etail, Edtech and Classifieds |
| Corporate                            |                                                                    |                                    |                              |                                      |                                                                    |
| Operations                           |                                                                    |                                    |                              |                                      |                                                                    |
| Supply chain                         | ✓                                                                  |                                    |                              |                                      | ✓                                                                  |
| Portfolio companies                  |                                                                    |                                    |                              |                                      |                                                                    |
| Operations                           | ✓                                                                  |                                    | ✓                            | ✓                                    |                                                                    |
| Supply chain                         | ✓                                                                  | ✓                                  | ✓                            | ✓                                    | ✓                                                                  |

To determine the materiality of environmental impact categories, we have performed a double-materiality assessment, following the impact and financial materiality definitions and requirements according to the July 2023 guidance of the European Sustainability Reporting Standards (ESRS). External and internal experts supported us in identifying the environmental impacts, risks, and opportunities for our group. The material themes, along with the specific topics, are shown for the relevant sectors in figure 1.3.

For our portfolio companies, we set annual targets and KPIs to increase their understanding of environmental impacts and performance in managing them. For instance, we encourage our portfolio companies to develop science-based climate targets.

In the absence of global standards on packaging and circular economy, we have developed our own framework to steer and measure progress (see chapter 5).

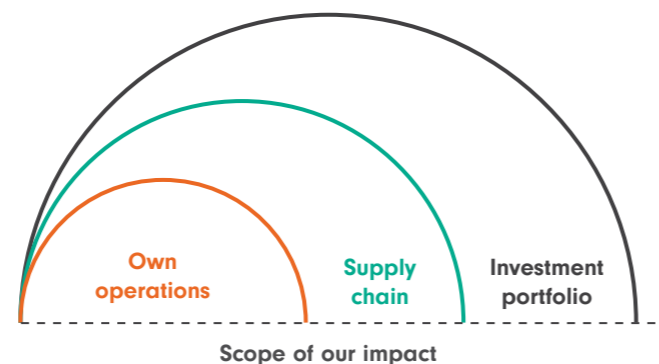
### 1.3 Scope of impact

We identify three scopes of environmental impact within our broader group:

- › Our own operations
- › Our extended operations (including our supply chain)
- › Our investment portfolio (both operations and supply chain).

Our direct and indirect operational impact lies within the boundaries of our corporate headquarters, and our extended operational activities cover suppliers that provide services and goods to our headquarters. Our most substantial impact is from the businesses that make up our investment portfolio (figure 1.4).

Figure 1.4: Scoping our environmental impact



#### Own operations

Our corporate operations are limited to small offices in various locations around the world. The materiality threshold for our corporate office to measure and report data against key environmental indicators is set at a minimum of 10 employees. Our use of resources and emissions is linked to the provision of a workplace for our employees. We apply a considered approach to the environmental footprint of our office space, for example our office in Amsterdam is BREEAM-certified and we procure 100% of our electricity from renewable sources.

## 1 Managing our impact continued

### Extended operations (including supply chain)

Our suppliers represent the majority of our extended environmental impact, and we take the opportunity to make a positive impact by embedding sustainability considerations in our procurement practices.

The vast majority of our supplier base consists of services such as consultant and audit fees, insurances and other professional services which, by the nature of their operations, have a relatively low environmental footprint. Our analysis shows that we have no dependency on specific suppliers or reliance on suppliers that are critical to our business and operations. Please see section 3.5 on supplier engagement for more information on how we manage our extended value chain and engage with our suppliers on topics like climate action.

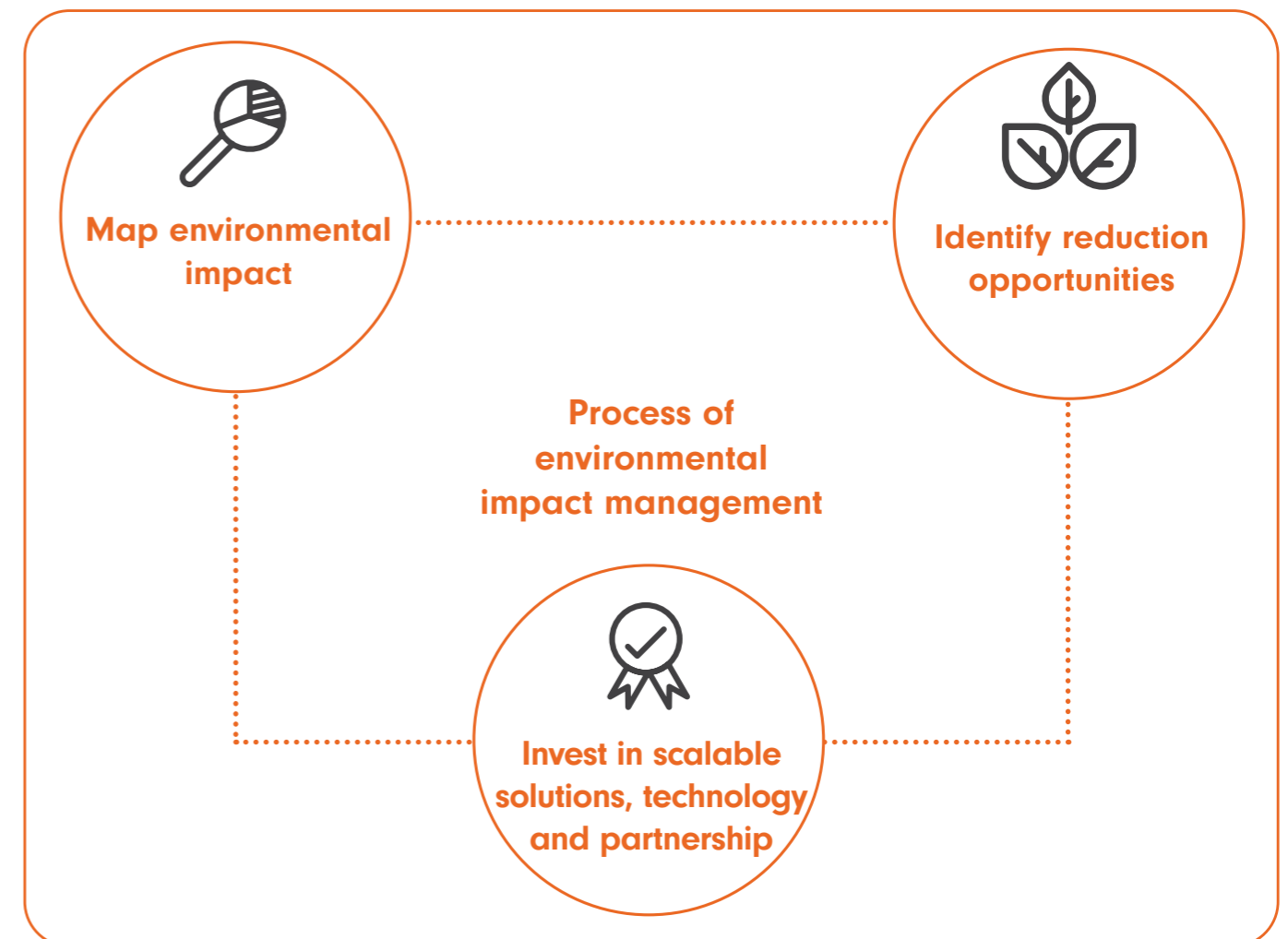
### Investment portfolio

Our investment portfolio, including subsidiaries, associates and investees, has environmental impacts from the development and operation of their digital platforms and online service-delivery models while they also have opportunities to support the transition to a low-impact society, such as enabling reuse of consumer products by our Classifieds businesses. Their extended value chain impacts are linked to the products and services of their business partners and suppliers, and to the footprint of their customers.

### Supporting portfolio companies in impact management

We apply a three-step approach to support our investment portfolio in managing environmental impact: map, identify, and invest (figure 1.5).

Figure 1.5: Process of environmental impact management



## 1 Managing our impact continued

### 1 Map environmental impact

All subsidiaries are required to conduct an assessment of their material environmental impacts and define their boundaries for the purpose of environmental impact reporting. We support them on their greenhouse gas (GHG) emissions inventory and ESG data on a centrally managed ESG data management tool, creating a repository of their upstream and downstream environmental data.

This enables our diverse businesses to apply a data-driven approach to defining the baseline underpinning their longer-term environmental strategy. All newly acquired companies, where we have a majority share, will be required to measure and disclose data for scope 1 and scope 2 GHG emissions, in line with the **GHG Protocol**, within 24 months of their onboarding. They will also start mapping and disclosing the most material scope 3 categories.

Our carbon accounting process applies internationally acknowledged and globally orientated emission conversion factors. The GHG emission data measurement relies on geolocation data of assets and operations which is used for both the climate-related as well as biodiversity risk and opportunity assessment.

Our annual **environmental impact report** discloses the detailed GHG emissions of all subsidiaries and estimates the emissions from associates and investees in our wider investment portfolio. Our Classifieds businesses measure their net environmental impact by enabling the circular economy.

Figure 1.6: Environmental performance indicators for portfolio companies

| Environmental performance indicators for portfolio companies |                                                                    |                                           |                              |                                      |                                                                    |
|--------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------|------------------------------|--------------------------------------|--------------------------------------------------------------------|
| Theme                                                        | Climate                                                            | Resource use and circular economy         |                              | Pollution                            | Water                                                              |
| Topic                                                        | Climate mitigation and adaption                                    | Extended life cycles of consumer products | Packaging used in deliveries | Air pollution from delivery vehicles | Water consumption in data centers                                  |
| Sector                                                       | Food Delivery, Payments and Fintech, Etail, Edtech and Classifieds | Classifieds and Etail                     | Food Delivery and Etail      | Food Delivery and Etail              | Food Delivery, Payments and Fintech, Etail, Edtech and Classifieds |
| Key performance indicators                                   | Scope of GHG emissions reporting                                   | Avoided GHG emissions                     | Share of recycled materials  | Share of EVs* for deliveries         | Engagement of DC suppliers on water management                     |
|                                                              | Carbon intensity (based on revenues)                               | Avoided use of materials and resources    | Packaging intensity          |                                      |                                                                    |
|                                                              | Share of renewables in electricity use                             |                                           |                              |                                      |                                                                    |
|                                                              | Developed and set science-based targets                            |                                           |                              |                                      |                                                                    |

\* Electric vehicles specifically, but also including other 'zero emissions vehicles', such as regular bicycles.

### 2 Identify reduction opportunities (and set targets)

We have identified four key areas (see figure 1.6 below) to assess and manage the environmental impact of the companies in our investment portfolio. For each of these areas we have articulated indicators that help us measure a company's progress, underpinned by materiality of risk and opportunity. In our annual environmental impact report we will report on progress on these indicators.

The common objective across all of our portfolio companies is the implementation of science-based climate targets and pathways, captured in our commitment to ensure 50% of our invested capital will have done so by FY30, and our entire portfolio by FY40.

### 3 Invest in solutions, technology and partnerships

Achieving targets may require a transition to use new solutions, technologies or partnerships. Solutions can range from measures to reduce business travel emissions to scale sustainable packaging for restaurants. Our businesses invest in conventional technologies like solar panels and other renewable-energy capacity, or in installations that drive energy efficiency in offices and other buildings.

Partnerships range from individual ventures with suppliers of electric vehicles, to industry-wide collaborations like joining a Plastics Pact.

### Environmental KPIs

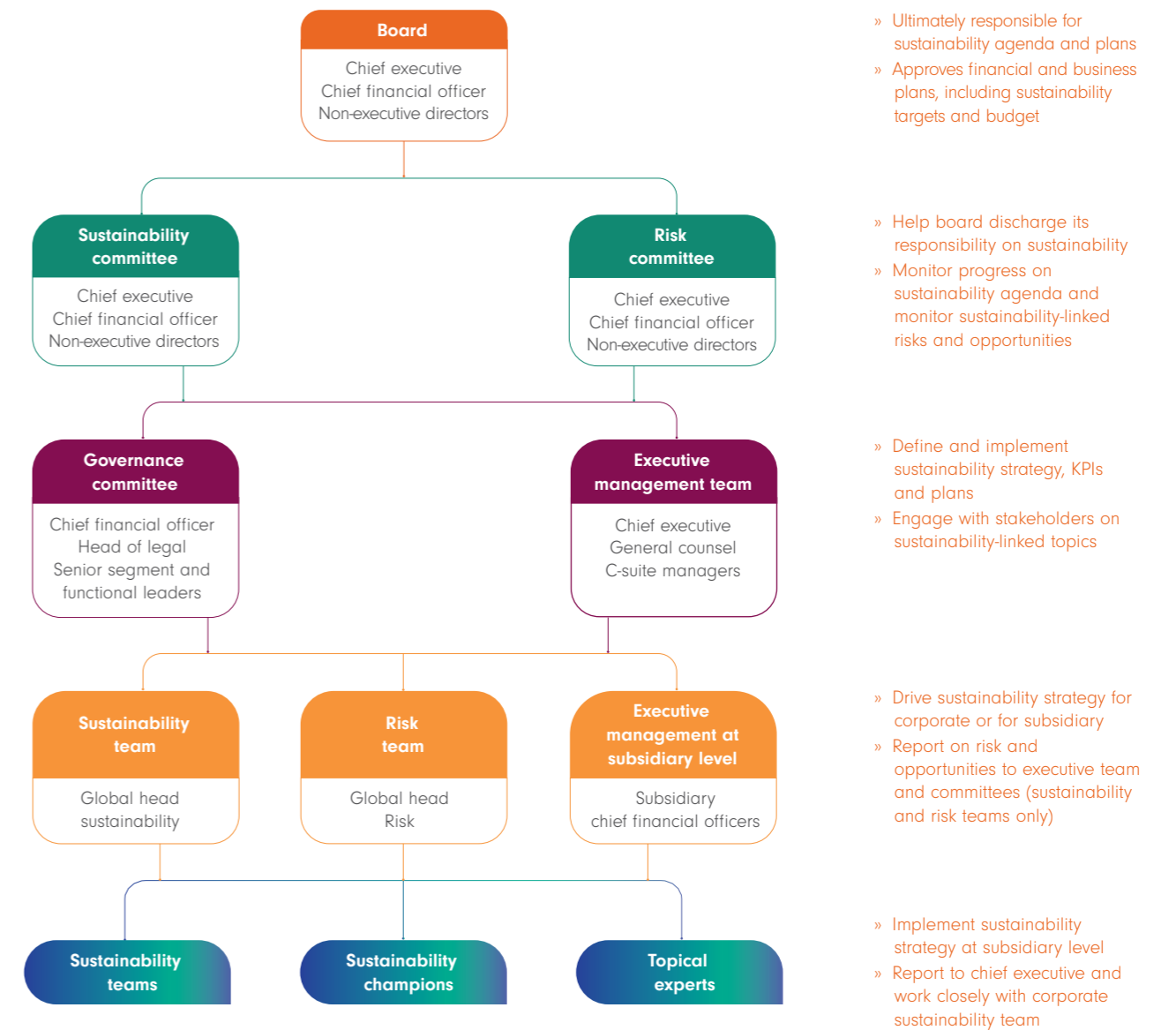
To measure and steer the performance of our portfolio companies on material ESG topics, we have identified the below KPIs, based on the double-materiality assessment. We keep track of the development of these indicators and expect portfolio companies to develop strategies and action plans to improve on them year on year.

## 2 Governance

### 2.1 Sustainability governance

Good governance plays a crucial role in achieving sustainability objectives in both the short and long term. Robust governance practices help to ensure that decisions are made transparently, with the participation of stakeholders, and that the benefits and costs of actions are distributed fairly. In addition, good governance provides the necessary framework for monitoring and enforcing environmental regulations and sustainability targets, ensuring that progress is being made towards our group-level targets.

Figure 2.1: Sustainability governance structure



## 2 Governance continued

### Board and executive level oversight

Climate and sustainability issues are considered at the highest organisational level via the social, ethics and sustainability committee and the risk committee that are subcommittees of the Naspers board. The board is informed about environmental sustainability-related risks and opportunities, in particular climate-related, at all scheduled social, ethics and sustainability committee meetings and risk committee meetings. Our social, ethics and sustainability committee meets at least twice per year to discuss environmental impact performance and progress against targets. The risk committee meets at least three times per year and discusses environmental impact performance. These committees report back to the board meeting.

Our board retains overall responsibility for the oversight of our environmental impact management. The most senior executives have environmental sustainability KPIs as part of their remuneration scorecard which means that part of our chief executive and chief financial officer’s variable compensation is tied to achieving specific environmental KPIs. Details and progress are published annually in the remuneration report. The group chief executive and chief financial officer’s KPIs are cascaded to all their direct reports, including the chief executive officers of the subsidiaries, putting environmental management firmly on the agenda of these companies.

Sustainability targets are embedded in the annual business-planning process where our subsidiaries finalise their strategies, targets and budgets for the year. In addition to climate KPIs, that are universal, we use materiality to determine other workstreams and objectives. For example, our Etail companies have targets on carbon accounting and GHG reduction, and also work on KPIs on sustainable packaging. The sustainability KPIs are reviewed and signed off at board level.

In addition, our Ventures team also, among other things, looks for investments in sustainable start-ups that show growth opportunities. Potential opportunities are being explored in sustainability-native sectors and activities like agriculture technology, alternative proteins, and low-carbon transportation.

Further information regarding our overall corporate governance structure, policies and reporting can be found in the governance section of our website.

### 2.2 Management responsibilities

Responsibility for the day-to-day management of environmental impact and sustainability topics resides with the executive management team. Our dedicated global head of sustainability leads sustainability activities across the group and reports to the general counsel for the group, who in turn reports to the group’s chief executive.

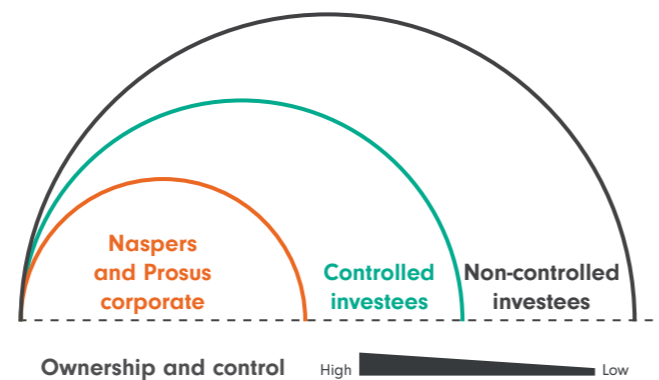
We have defined our principles and approach to environmental impact management at the corporate level. These are cascaded to the group’s portfolio companies to adapt and refine their specific business models and operational contexts.

Sustainability professionals at each portfolio business are responsible for the implementation of the environment programmes of those businesses. This group of sustainability accelerators is supported by the group’s core sustainability team on topics ranging from the basics of measuring and reporting extended carbon footprints to developing environmental strategies and learning from each other. One unifying group objective is the implementation of our science-based targets and pathways, which each of our subsidiaries is required to define by FY30.

### 2.3 Portfolio engagement approach

We engage in the ESG performance of companies across our investment portfolio. If we acquire a controlling interest, then this leads to a higher level of accountability and influence. Our influence over subsidiaries, associates and investees varies with each investment, but the principles that guide us are consistent (figure 2.2).

Figure 2.2: Ownership and control

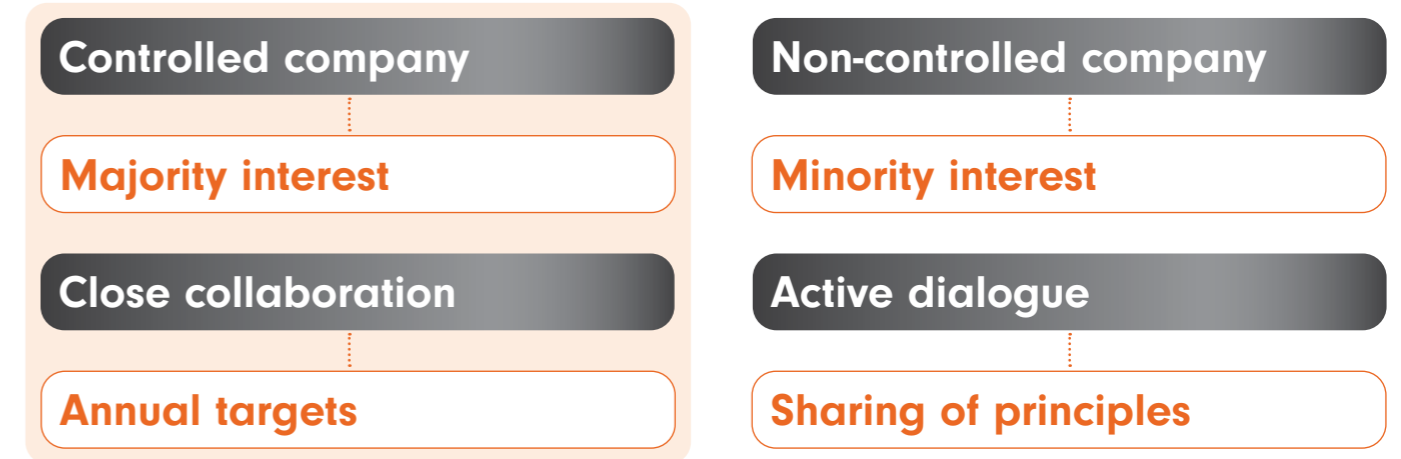


Where we have majority of the shares in a company, we work closely to ensure its management embeds our principles and takes action on all material environmental issues, adapted to local factors such as business model, geography, available resources, and the complexity of its activities. For instance, on climate action, we are deeply involved with portfolio companies to support their progress on carbon accounting, measurement and management.

Where we have a minority interest, we build a relationship with the company and, where appropriate, seek to share our sustainability agenda and ESG principles (figure 2.3). We apply a nuanced approach to our engagement strategy with companies where we have a minority interest. Our engagement considers the position and role of the private sector in the larger operating context of the company, including the requirements of the local regulatory regimes and jurisdictions. This makes it important to have a bespoke approach to engagement.

## 2 Governance continued

Figure 2.3: Ownership and engagement



### 2.4 Building collaboration and learning across the group

We aim to enhance environmental awareness and build expertise across our group. We deploy a multi-pronged model of engagement with our investment companies:

- › Bilateral engagement – with each subsidiary, and on request with our associates and investees, we organise regular bilateral engagement to discuss progress on sustainability by, for instance, providing in-depth support on GHG emissions data calculation and audit or setting up governance structures for ESG topics. Our ESG data tool plays a critical role in steering this engagement.
- › Sustainability Accelerator Network (SAN) – a quarterly forum for sustainability leaders and experts across our group to share insights and best practices on all relevant ESG and sustainability topics, from employee engagement to electrification of delivery fleets.
- › Expert working groups – we run specific working groups on social impact, packaging and waste and electrification of delivery fleets.

The packaging and waste meetings bring together sustainability and packaging experts from our Etail and Food Delivery segments. These collaborations have led to the publication of several reports.

The working group on electrification of delivery fleets is set up to share best practices and solutions across the Food Delivery and Etail companies in our portfolio, helping to scale the transition to zero-emission vehicles.

- › Sustainability workshops – tailored, often on-site, events with and for companies from our investment portfolio. These workshops aim to engage management and employees on the company’s sustainability journey.

### 2.5 Environmental advocacy, awareness and training

Regular training of our people to develop their skills and knowledge and help them stay up to date with fast-paced ESG developments is critical. The knowledge of our board members of ESG in general and specific topics like climate change-related risks and opportunities is increased through tailored training sessions and companywide educational tools. We have developed an e-learning module on ESG that is offered to employees at all group companies, from corporate headquarters to investees.

The sustainability team at corporate headquarters conducts training for our subsidiaries on an ongoing basis, and on request for associates and investees, with the objective of empowering these companies to take control of their own environmental impact management, in particular climate action, using our central GHG accounting tool.

We enhance the quality of sustainability management across our group through the four engagement tools of bilateral support, groupwide sustainability network calls, expert working groups, and bespoke workshops, as outlined above.

## 2 Governance continued

### 2.6 External partnerships and commitments

Feedback from our stakeholders, as well as collaboration with experts, partnerships with industry bodies, and regular exchanges with peers strengthen our group’s approach, knowledge, and ability to be more effective in managing our environmental impact. We receive feedback from a diverse group of stakeholders through multiple channels such as bilateral engagements with investors, larger forums such as our annual general meetings (AGMs), industry peers and sustainability experts through roundtables and other stakeholder engagement sessions.

Identifying scalable technologies, partnerships and strategies to reduce our environmental impact and improve performance is fundamental to ensuring our own low-carbon and low-impact growth. Below is an overview of the partnerships we have at group level to unlock opportunities connected with the net-zero transition. The work that we do with our partners may indirectly help to inform policy and policy-makers.

» **United Nations (UN) Global Compact** – we are members of the world’s largest corporate sustainability initiative, which helps us to align our operations and strategies with its [Ten Principles](#) in the areas of human rights, labour, environment, and anti-corruption.

---

» **PCAF (Partnership for Carbon Accounting Financials)** – we are part of a highly active network collaboration between financial institutions worldwide to enable harmonised assessments and disclosures of GHG emissions financed by loans and investments.

---

» **The Climate Pledge** – we have committed to reaching net-zero carbon emissions by 2040, 10 years ahead of the goal set out in the United Nations’ Paris Agreement.

---

» **Board Now** – we are part of a coalition of companies committed to sustainable air travel by addressing the significant and growing environmental impact of aviation fuels.

---

» **Plastic Pacts** – we have joined as supporters of the [Indian](#) and [South African Plastic Pacts](#), which are influential national initiatives where users of packaging collaborate to keep packaging in the economy and out of the environment.

## 3 Strategy and climate transition plan

### 3.1 Our strategy

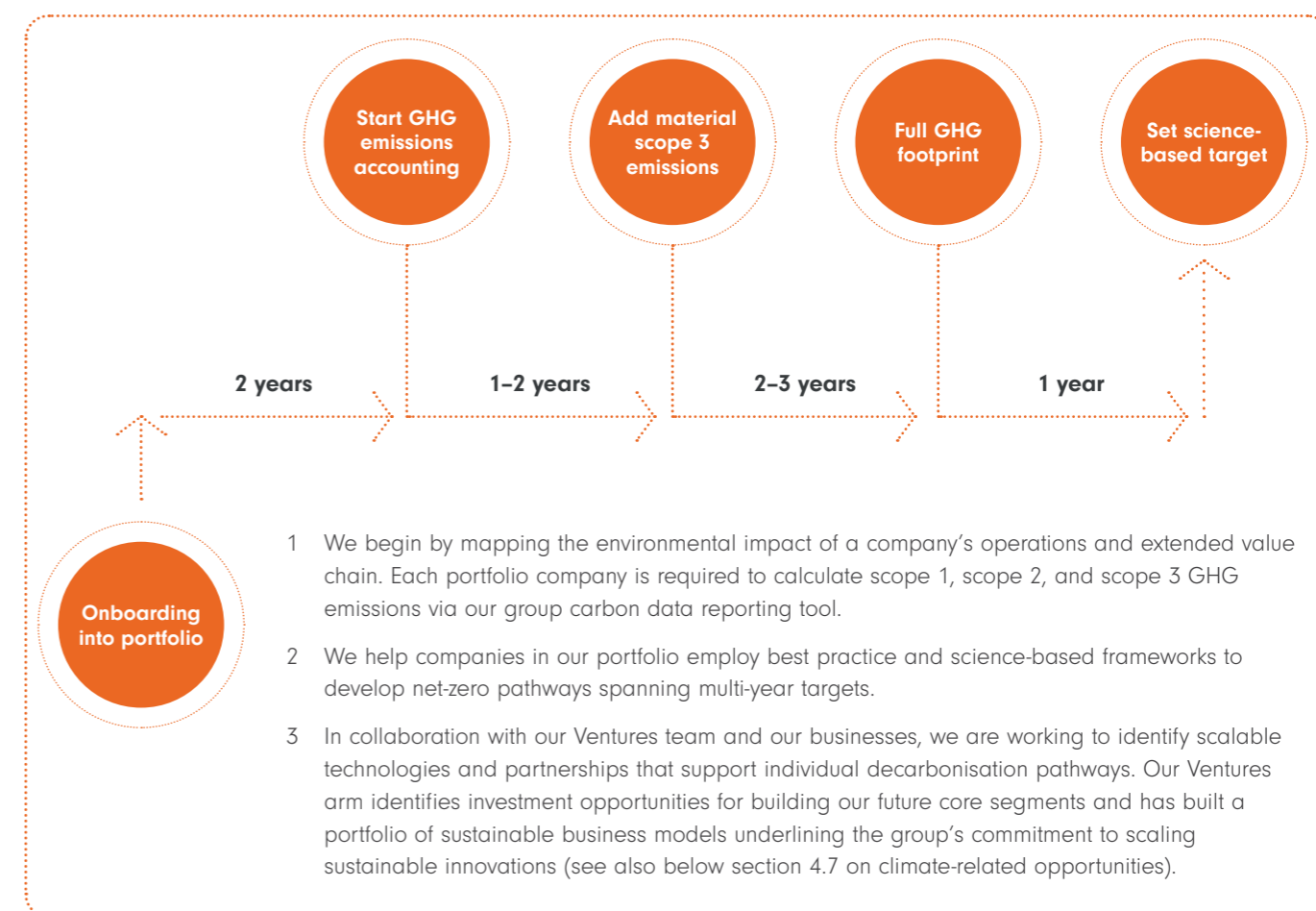
For our group, taking climate action means two things. Firstly, to shape our science-based reduction pathway for our corporate operations and investment portfolio (explained in this chapter). Secondly, to gain insights on climate-related risks and opportunities which we use in our decisions, whether for day-to-day operations and or new investments (section 4 sets out this risk and opportunity assessment and management).

We believe that a commercial strategy anchored in the global climate agenda will contribute to reducing systemic risk, enhancing human capital, and securing our societal licence to operate. Taking action on climate is a critical agenda for all companies in our portfolio, in particular our subsidiaries who are required to develop a science-based target by FY30. Below we have laid out our climate transition plan, which ranges from establishing the boundaries for carbon accounting to setting multi-year science-based reduction targets.

### Process to setting science-based targets

Applying the three-step process for environmental impact management (see above figure 1.5), we work with our portfolio companies to help them to move from the first steps of carbon accounting to a science-based emission reduction target. The typical timeline for developing science-based targets is illustrated below and is dependent on the complexity and maturity of the business (figure 3.1).

Figure 3.1: Typical timeline for developing science-based targets



### 3 Strategy and climate transition plan continued

#### 3.2 Targets and metrics

With climate action a requirement for all controlled portfolio companies, climate-related KPIs are always included in the annual process to define budgets and targets. The costs to deliver on these targets are borne by the portfolio companies themselves. We ask each portfolio company to design its annual budget to include the necessary investments in carbon accounting, energy-reduction measures, and technology to decarbonise business growth from GHG emissions. These annual budgets are planned, budgeted, and signed off by our board and translated into KPIs for the companies' leadership, whose performance towards meeting them is tracked throughout the year.

#### Science-based reduction targets

After establishing the full GHG footprint of a company, the next phase consists of defining a baseline and articulating company-specific reduction roadmaps, supported by multi-year reduction targets.

We have developed a real-world climate transition plan that is both relevant and practical in the context of our diversified holdings and group structure. For our target setting, we have applied the Science Based Targets initiative (SBTi) guidance for financial institutions and investors, which best matches our diverse and dynamic portfolio of investments (see figure 3.2) and enables alignment with the Paris Agreement to keep global warming to 1.5 degrees above preindustrial levels:

- › Operational emissions: We commit to an absolute reduction in our scope 1 and 2 GHG emissions of 100% by FY28 from the FY20 base year. Upon realising this reduction, we commit to maintaining it for the future
- › Supply chain emissions: We commit to reducing absolute scope 3 GHG emissions from air business travel by 30% by FY30 from the FY20 base year
- › Portfolio companies' emissions: We commit to 50% of our eligible investments by invested capital setting SBTi-validated targets by FY30. Our portfolio target covers 90% of our total investment and lending activities by invested capital as of FY20.

The targets we have developed shape the absolute reduction pathway of our corporate emissions (scope 1, 2 and material scope 3) as well as multi-year engagement of our investment portfolio to put their businesses on a net-zero pathway. We will ensure that our targets remain aligned with the latest scientific insights to address global warming.

#### Decarbonising our corporate operations

Decarbonising our headquarters operations, with the aim of eliminating all scope 1 and 2 emissions by 2028, will be realised by:

- › Removing all company cars or switching them to electric vehicles. This was achieved during FY23 and we are committed to ensure scope 1 emissions remain at zero
- › Where possible, installing or procuring renewable energy for our offices. The electricity used for Prosus' headquarters in Amsterdam and our office in London is already 100% renewable.

When renewable energy is not available, we invest in renewable-energy credits (RECs), where possible distributed RECs or D-RECs, to reduce emissions from our electricity use. We have established the framework for D-RECs in FY23, which we see as a meaningful way to contribute to the growth of renewable-energy capacity, while providing rural and remote communities with significant additional benefits, such as access to more reliable clean energy.

Our target is to reduce air business travel, a significant source of GHG emissions, by 30% by FY30 from our FY20 base year. We will report on our progress towards this target. In addition, we have engaged in a multi-year offtake agreement to purchase sustainable aviation fuel (SAF) credits from SkyNRG. Starting in 2027, we are committed to purchasing 95Mt of SAF credits for five consecutive years. While contributing to an absolute reduction of our business travel emissions, the investments in these credits present the only feasible short-term solution to structurally decarbonise the aviation industry.

#### Portfolio coverage target

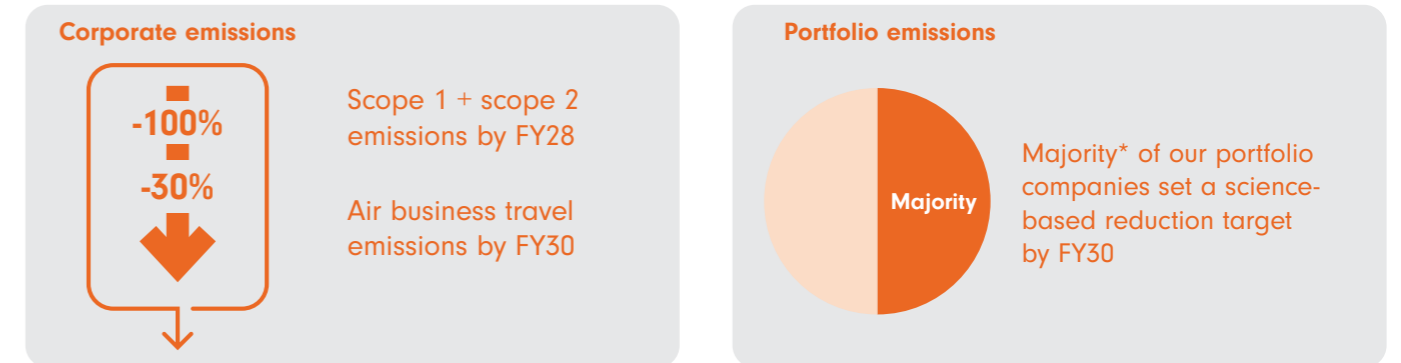
Our portfolio coverage target is aimed at realising the majority of our portfolio, measured by invested capital, to have set science-based targets by FY30.

We will deliver on our FY30 portfolio coverage target by engaging our subsidiaries, where we have the greatest level of influence and strong established collaborative relationship. Our strategy is to guide and support at least one subsidiary per year to complete the target-setting journey and submit it to SBTi for verification, with the objective to ensure that 100% of majority-owned companies set a target by FY30. The anticipated impact of our multi-year commitment is substantial: by 2030 we expect to help a group of companies with several billion turnover in aggregate advance along their decarbonisation pathways.

The implementation of our climate transition plan, and its results, are monitored by the sustainability committee (a committee of the board) whose meetings are attended by the group's chief executive and chief financial officer.

### 3 Strategy and climate transition plan continued

Figure 3.2: Our science-based climate targets



#### 3.3 Climate transition engagement plan

We ensure that our portfolio companies remove GHG emissions from their operations and supply chains by requiring them to apply rigorous carbon accounting and develop their science-based reduction pathways. For each company and segment, decarbonisation brings different challenges, magnified by the specific local contexts of the countries in which the portfolio company operates. For example, the Payments and Fintech company PayU, with its headquarters in India and most of its emissions coming from business travel and purchased goods and services, has different challenges from Brazilian Food Delivery company iFood, which relies on thousands of restaurants and drivers to deliver food to its customers. We support the entire journey for each portfolio company from footprint assurance and reporting to developing the multi-year pathway to reduce emissions and ultimately achieve net zero.

For this to work, we can continue to build on a large number of reduction initiatives already taken by our portfolio companies, fuelled by the high ambition level of their employees. For instance, our Etail companies are installing large numbers of solar panels at their distribution centres, our Food Delivery companies are piloting strategies for the electrification of their delivery fleets quickly, and our Payments and Fintech companies are purchasing renewable-energy certificates.

To increase the number of portfolio companies with science-based climate targets, our tools for engagement are:

- › A cross-segment working group for all portfolio companies that have started on their journeys to set science-based targets
- › Bespoke bilateral projects to guide and support individual portfolio companies in their target-setting process
- › Centrally managed carbon and ESG data management tool.





### 3 Strategy and climate transition plan continued

#### 3.4 Fair and just transitions

Most of our businesses are located in the global South, often operating in communities that are most vulnerable to the effects of climate change. This means the need to ensure the climate transition is just and fair is high on our agenda. While countries of the industrialised North are overwhelmingly responsible for climate change, its impacts are felt most strongly in parts of the world with limited resources to adapt to its effects. For example, a company seeking to decarbonise its fleet of delivery vehicles in Germany benefits from lower costs of capital and more enabling policies, incentives and infrastructure than a comparable business in Brazil, India or South Africa.

This reality is core to any concept of climate justice – and is recognised in article 2.2 of the Paris Agreement by an explicit commitment to ‘the principle of common but differentiated responsibilities and respective capabilities’. Deploying technologies to curb emissions is often more difficult, disruptive and expensive in those economies that are least responsible for global warming.

Climate goals are global, but operating environments and the costs of transition are local, influenced by the available energy mix, economic structures, and government commitments, policies and regulations. Each company’s operating context is critical to its decarbonisation pathway. For example, Brazil has set a goal of achieving net zero by 2050, while India has set a date of 2070 to achieve the same target. The available incentives for companies, and therefore the cost of funding their transition, vary accordingly: our subsidiary iFood has access to benefits from Brazil’s enabling ecosystem that are unavailable to its peer Swiggy, which is operating in India.

Our commitment to a just and fair transition underpins our approach to creating sustainable value. We believe that a commercial strategy anchored in the climate agenda will contribute to reducing systemic risk, enhancing human capital, and securing our societal licence to operate. Our governance and management framework is in place and ready to support all our businesses, operations and investee companies to meet global climate targets aligned with the Paris Agreement goal of net-zero emissions by 2050.

#### 3.5 Value-chain engagement

Governance and performance management related to the purchase of external goods and services is an important addition to our environmental impact management. By setting environmental impact and disclosure requirements for our suppliers and business partners, we use our procurement influence to drive further climate action in our value chain.

#### Supplier code of conduct

Our board has set out our guiding business values and ethical stance in our **code of business ethics and conduct**. This code sets out what we expect from all our employees, stakeholders, and the companies we invest in. Building on this code, our supplier code of conduct defines the ethical principles and professional behaviours we expect our suppliers to abide by if they wish to remain our business partners. Our supplier code of conduct expects our suppliers to live up to our standards when it comes to social and environmental matters by, for example, ensuring alignment on upholding human rights and requiring action on important environmental themes like climate. The supplier code governs our commercial engagements with suppliers and is made part of our contractual relationship with them. We monitor and track whether the code is included in all our new contracts.

#### Supplier screening

Before we engage with a supplier organisation, we screen it for historical conduct on elements including financial conduct, incidents related to human rights, and environmental management. Only when the results of this screening are satisfactory, and any red flags sufficiently addressed, can we onboard or continue to work with the supplier. We pride ourselves on setting up the necessary checks and balances to ensure that all our vendors are screened.

#### Supplier engagement

Given the need for decarbonisation across all sectors and value chains, and the importance we attach to climate action for our group, we also expect our suppliers to measure, report and reduce their GHG emissions. In particular, we expect them to:

- › Measure and disclose their GHG emissions associated with the services and products provided to us
- › Set GHG reduction targets, preferably aligned with science-based frameworks.

The results of our supplier engagement are disclosed in our annual environmental impact report. We encourage all our portfolio companies, in particular those with a large supply chain, to develop and implement supply chain engagement programmes. We look to build a robust method to include primary data from suppliers in the calculations of GHG emissions of our value chain.

Our supplier base consists of predominantly professional service providers (consultants and auditors) and fees for insurances and subscriptions. The small number of products we procure are IT hardware, office rental and office supplies. As an investor, we do not have any business-critical or significant suppliers, but we work with a range of trusted business partners. The absence of critical suppliers gives us the flexibility to work with our suppliers on environmental disclosures and action, and over time include more stringent ESG criteria in our supplier selection process.

### 4 Risk management and scenario analysis

Our business is driven by our culture in which people are empowered to promptly respond to business opportunities while keeping risks within defined acceptable levels. Management and the board are accountable for the choices and decisions we make, how we execute these, and for delivering value in its broadest definition – within the parameters of the risk profile the board deems acceptable. We proactively manage broader sustainability risks from both an investor and an operator perspective. We expect our businesses to apply a methodical approach to analyse risk and opportunities, while ensuring sustainability aspects are included.

Climate-related risks, like natural disasters, and extreme weather events result from society’s failure to mitigate climate change. These risks are among the world’s top 10 risks, according to the **Global Risks Report** from the World Economic Forum.

#### 4.1 Assessing climate-related risks

Several of our group companies operate in high-growth markets that are more vulnerable to climate-related risks due to lower levels of economic resilience than more mature markets. Despite being an asset-light, low-carbon-intense group of businesses, we do however have emissions resulting from our operation, and our business can be impacted by climate change. The ultimate objective of our approach to climate-related risks is to empower our colleagues and our businesses to enhance the resilience of our investment portfolio companies and consequently, the group.

For the two climate-related risk categories: physical and transition risks, our core business model of investing in and operating digital platforms structurally lends to a low climate-related risk profile:

- › Our focus on ‘pure software’ opportunities where digital services are transforming the environmental footprint of traditional business sectors rooted in the physical economy
- › We invest in companies that develop digital technology, are asset light, and have low-carbon business models. Our investment strategy restricts us from investing in carbon-intense assets and activities, meaning that we are limited exposed to climate-related scrutiny, regulation, and stakeholder engagement.

However, our exposure to climate-related hazards, which potentially can create physical risks to our business, is high due to the geographical location of our portfolio companies.

Our ability to create sustainable value is underpinned by a comprehensive and robust risk management framework. We apply scenario analysis to determine our risk exposures. See section 4.4 below for the applied scenario analysis.

#### 4.2 Climate-related physical risks

Exposure to physical risks that arise from changes in climate, such as extreme precipitation or wildfires is geolocation-based. Vulnerability to climate change is a function of the sensitivity of the business at risk, the potential impact a climate hazard can have, as well as the companies’ inherent adaptive capacity

Using climate scenarios against 2030 and 2050 timelines, we have assessed the exposure, vulnerability and potential financial impacts of our subsidiaries to six hazards such as flooding and high temperatures. Figure 4.1 shows the result of our assessment. The businesses of Edtech, Payments and Fintech, and Classifieds are digital and use very limited physical assets, which results in insignificant impact from climate change. More vulnerable to climate change are the businesses that rely on more elaborate operations, for the delivery of food, groceries and other goods by our Food Delivery and Etail companies.

Figure 4.1: Classification of climate-related physical risks

| Climate-related physical risks |                      |                |                                                                                       |               |                              |
|--------------------------------|----------------------|----------------|---------------------------------------------------------------------------------------|---------------|------------------------------|
|                                |                      |                | For six climate hazards (floods, precipitation, temperature, fire, heat and drought): |               |                              |
| Sector                         | Subsidiaries         | Key geography  | Exposure*                                                                             | Vulnerability | Estimated financial impact** |
| Classifieds                    | OLX                  | Eastern Europe | High - very high                                                                      | Low           | Nil                          |
| Food Delivery                  | iFood                | Brazil         | High - very high                                                                      | Medium        | Less than 1% of revenues     |
| Etail                          | eMAG                 | Eastern Europe | High - very high                                                                      | Medium        | Less than 1% of revenues     |
| Payments and Fintech           | PayU                 | India          | High - very high                                                                      | Low           | Nil                          |
| Edtech                         | GoodHabitz           | Western Europe | High - very high                                                                      | Low           | Nil                          |
| Etail                          | Takealot             | South Africa   | High - very high                                                                      | Medium        | Less than 1% of revenues     |
| Etail                          | Media24 Logistics*** | South Africa   | High - very high                                                                      | Medium        | Less than 1% of revenues     |

\* Exposure is a function of the location of assets and operations, as predicted by the climate models deployed.

\*\* Financial impact is calculated as aggregated estimated revenue loss for three hazards floods, heat and fire. Please note it is highly unlikely these hazards all occur at the same time across all locations of operations.

\*\*\* The scope of the climate-related risk assessment for Media24 was limited to ecommerce business unit Media24 Logistics.

## 4 Risk management and scenario analysis continued

In the businesses where vulnerability to climate change is medium, our analysis concludes that the potential impact on business operations remains low. This is due to the following mitigations:

1. Diversified portfolio of businesses
2. Broad and diverse supplier and customers base
3. Agility to be able to adjust and adapt operations.

For example, Food Delivery company iFood in Brazil: With thousands of restaurants and clients across the country, there is no concentration of operations or business. This creates a natural mitigant to local impacts of climate hazards. Equally, the resilience is high; in the past iFood has been able to adjust routes for delivery, to circumvent flooded areas.

### Emerging category

We recognise that climate-related risks, in particular physical risks, are an emerging risk category. The fast pace of changes to our climate, and to the efforts to tackle climate change, warrant continued investment in our internal capacity to gauge and

understand climate-related risks, with a focus on equipping our portfolio companies to be able to take specific operational actions when warranted by assessments of risks and potential impacts. Our FY24 assessment will form the basis of an ongoing engagement with our subsidiaries to further understand potential risks and impacts and how to grow resilience as well as adaptive capacity can be built into the fabric of the operations

### 4.3 Climate-related transition risks

Transition risks are related to the transition to a lower-carbon economy, which, according to the Task Force on Climate-related Financial Disclosures (TCFD), may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations. Our analysis has surfaced that transition risks are low for our portfolio companies, as shown in figure 4.2.

Figure 4.2: Climate-related transition risk assessment

| Climate-related transition risks |                    |                |                              |       |            |        |
|----------------------------------|--------------------|----------------|------------------------------|-------|------------|--------|
| Sector                           | Subsidiaries       | Key geography  | Risks related to changes in: |       |            |        |
|                                  |                    |                | Policy                       | Legal | Technology | Market |
| <b>Classifieds</b>               | OLX                | Eastern Europe | Low                          | Low   | Low        | Low    |
| <b>Food Delivery</b>             | iFood              | Brazil         | Low                          | Low   | Low        | Low    |
| <b>Etail</b>                     | eMAG               | Eastern Europe | Low-medium                   | Low   | Low        | Low    |
| <b>Payments and Fintech</b>      | PayU               | India          | Low                          | Low   | Low        | Low    |
| <b>Edtech</b>                    | GoodHabitZ         | Western Europe | Low                          | Low   | Low        | Low    |
| <b>Etail</b>                     | Takealot           | South Africa   | Low-medium                   | Low   | Low        | Low    |
| <b>Etail</b>                     | Media24 Logistics* | South Africa   | Low-medium                   | Low   | Low        | Low    |

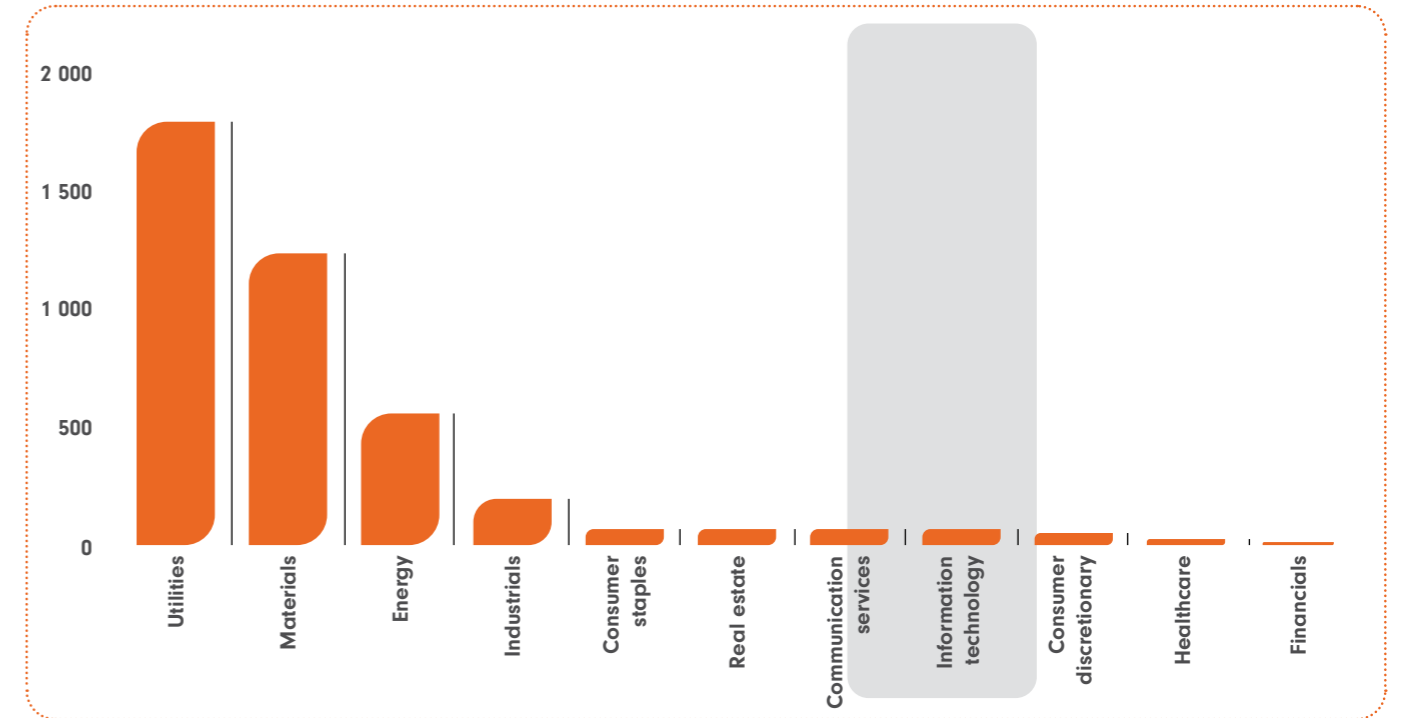
\* The scope of the climate related risk assessment for Media24 was limited to Ecommerce business unit Media24 Logistics.

Most of our digital and software-driven subsidiaries have a low direct carbon footprint, which results in low risks of financial impact from regulations that levy costs for carbon emissions (see also figure 4.3). Equally, the strong focus we have on decarbonisation (see our climate transition plan above) means that regulatory transitions risks, like carbon pricing, are further reduced. Our businesses do not consume primary raw materials nor are they exposed in other ways to carbon-intense sectors, which are exposed to transition risks like taxes and technology shifts. Some of the products procured and sold by our Etail companies, such as electronics, could be impacted by carbon taxes, but these influences are likely to be passed on.

There is a potential for reputational risks to emerge on the back of a larger environmental impact of the Food Delivery and Etail segments, as they use vehicles for transportation and packaging, but this risk is mitigated with a set of actions and targets, as outlined in section 4.6.

## 4 Risk management and scenario analysis continued

Figure 4.3: Carbon intensity of selected industry sectors



### 4.4 Scenario analysis

Scenario analysis is a useful tool to map value at risk consequent to climate change. We partnered with a leading third-party expert to perform a detailed climate risk for our subsidiaries and corporate activities, assessing the exposure and vulnerability of individual subsidiaries and calculating potential financial impacts. We disclose the results in our annual reports, TCFD reports and our submission of the CDP climate questionnaire.

Figure 4.4: Key elements of climate-related risk assessment

| Element                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scenarios physical risks</b> | IPCC RCP 2.6 (best-case scenario) and IPCC RCP 8.5 (worst-case scenario)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Description of scenarios</b> | <p><b>RCP 2.6 scenario overview: Pathway to limit warming to below 2 degrees Celsius above preindustrial levels by the end of the 21st century.</b></p> <ul style="list-style-type: none"> <li>› Physical risks: Physical risk implications are relatively low compared to other scenarios and there is a greater chance of avoiding some of the most severe climate change impacts.</li> <li>› Transition risks: Transition risk implications are high due to ambitious mitigation efforts. Some sectors may face challenges in adapting to new regulations and market shifts.</li> </ul> <p><b>RCP 8.5 scenario overview: High emissions scenario leading to global warming ranging from 3.2 to 5.4 degrees Celsius above preindustrial levels by the end of the century.</b></p> <p>RCP 8.5 is used by the IPCC as a 'very high baseline emission scenario' representing the 90th percentile of a no-policy baseline scenario. RCP 8.5 does not represent a most likely 'business as usual' outcome.</p> <ul style="list-style-type: none"> <li>› Physical risks: Physical risks are most severe compared to other scenarios. It assumes a continuation of current emission trends without significant mitigation efforts, leading to global warming of more than 4 degrees Celsius.</li> <li>› Transition risks: Transition risk implications are lower compared to other scenarios. This scenario assumes late adoption of mitigation efforts.</li> </ul> |

## 4 Risk management and scenario analysis continued

| Element                  | Description                                                                                                                                                                                                                                                                 |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scenarios physical risks | IPCC RCP 2.6 (best-case scenario) and IPCC RCP 8.5 (worst-case scenario)                                                                                                                                                                                                    |
| Timelines                | 2030 and 2050                                                                                                                                                                                                                                                               |
| Hazards                  | Acute: Floods, drought, fire and heat<br>Chronic: Precipitation and temperature                                                                                                                                                                                             |
| Key input metrics        | Geolocation of assets<br>Geolocation of operations (for instance cities with high number of food deliveries)<br>Historic occurrences and impacts of hazards (when businesses dealt with hazards, what are the mitigating actions in place)<br>GHG emissions (scope 1 and 2) |
| Companies included       | Naspers and Prosus corporate, OLX, eMAG, iFood, GoodHabitz, PayU, Takealot, Media24 Logistics                                                                                                                                                                               |

### 4.5 Risk impact quantification

We assess three potential financial and strategic impacts from climate change:

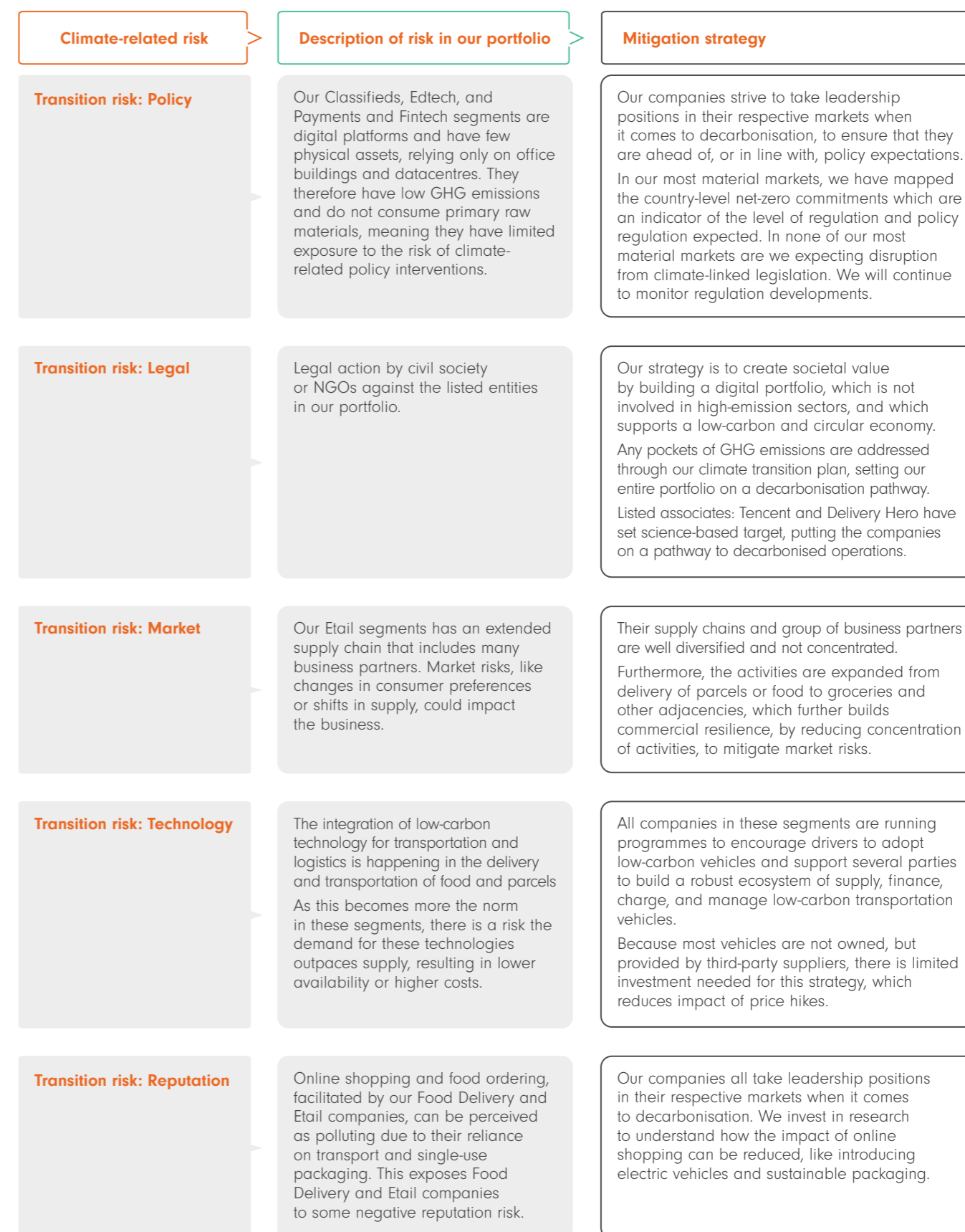
- › **Revenue loss:** The direct impact of climate hazards on the ability of our subsidiaries to run their business and generate revenue, is estimated by mapping the locations of assets and main operations in climate scenario models. This helps to and assess the vulnerability of the core business model to climate change impacts and their ability to mitigate. A threshold of 1% of a company's revenues was set to classifying material risks.
- › **Company valuations:** The potential impact on the net asset value (NAV) calculation of our portfolio companies. All our subsidiaries are private companies which limits the ability for a real-time objective valuation of their net assets through the stock market and its ESG benchmarking instruments. Therefore, to assess the potential impact of climate-related issues on their NAV, we invest in tools and research to understand how these companies perform on climate against peers and regarding international frameworks like the Paris Agreement. To do this, we have invested in, for example, the S&P Corporate Sustainability Assessment tool to be deployed across our portfolio companies as a mandatory ESG assessment tool. We set the threshold for significant impact on company valuation at a total score gap of 10 points compared to the average sector score.

- › **Access to capital:** Our investors are regularly reaching out to engage on specific questions on our decarbonisation pathway. We map our performance on climate-related topics through bilateral investor engagements as well as assessments from external third-party rating agencies. We want to ensure that our climate action agenda is understood and valued and that, as a result, our stock is included in the investment universe of both active and passive ESG investors.

### 4.6 Managing exposure to climate-related risks

As a responsible business, we mitigate the potential impact of a changing climate, even though it is assessed to be low for our group. Below we have described how some climate-related risks appear to our group and outlined how we are mitigating and managing them.

## 4 Risk management and scenario analysis continued



## 4 Risk management and scenario analysis continued

### 4.7 Climate-related opportunities assessment and management

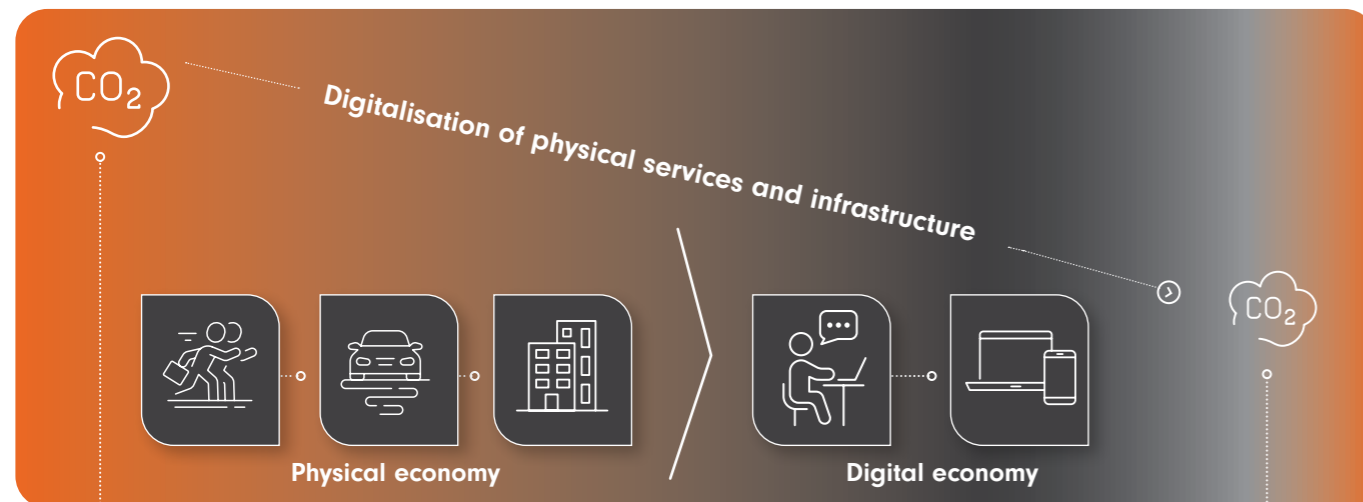
We recognise opportunities in the global transition to a low-carbon economy on five levels:

- 1 **building a circular economy that is sustainable and more resilient (resource efficiency).**
- 2 **core business models contributing to the transition to a low-carbon economy (market opportunity).**
- 3 **investing in new low-carbon ventures and growth markets (market opportunity).**
- 4 **greening transport and delivery (energy source).**
- 5 **increasing the benefits of decarbonisation strategies (operational efficiency).**

#### 1 Building a circular economy – extended lifecycle of consumer products

We need to transition from a take-make-waste system to a circular economy. A circular economy is more than recycling; it is a commercial system that enables consumers to live the lives they want but with much lower negative environmental impacts. A critical element of such a system is keeping products in the economy by extending their useful lives. Our Classifieds platforms make this possible by facilitating the trade of secondhand products. Classifieds platforms unlock the value of everything a consumer uses and thereby create a positive space for which we need significantly fewer materials and create much less waste and pollution by avoiding the need to make new products.

Figure 4.4: Digitalisation leads to dematerialisation of services



## 4 Risk management and scenario analysis continued

### 3 Investing in new low-carbon ventures and growth markets

Through our Ventures arm, we are increasing our focus on sustainable investments that use low-carbon technologies or help adapt to a changing climate. For instance, the Ventures arm invests in companies in the agri-tech (agriculture technology) industry that apply sustainable digital solutions by using soil biology and AI-based analytics to increase yields and crop health. Some examples of investments in its portfolio include:

- › Creating nature-positive solutions through technology: Portfolio company Biome Makers integrates soil microbiology into agricultural decision-making to optimise farming practices and reverse the degradation of arable soils
- › Sustainable food production: Portfolio company EVERY aims to create a structural shift in the food industry by sourcing animal-free protein through DNA sequencing and precision fermentation to meet increasing consumer demand for sustainable food production.
- › Regenerative and resilient food production: DeHaat and Vegrow work with farmers to improve production through soil health and quicker-to-market to prevent food waste. Aruna is supporting fishermen and -woman to improve the sustainability of their work.

### 4 Greening transport and delivery

Electrification of transportation and decarbonising mobility is critical in establishing a net-zero economy. For our Food Delivery and Etail companies, this is a critical agenda to make their business future-proof. The opportunities lie mostly with the owned delivery fleet of our Etail companies (first party), while our Food Delivery companies mostly use third-party delivery partners. Shifting from internal combustion engines to electric vehicles like bikes, motorcycles and cars has several benefits as it reduces operational costs for fuels and improves the sector's reputation as it moves to clean, non-polluting modes of transportation. For more on implementing clean deliveries, see chapter 6.

### 5 Increasing the benefits of decarbonisation strategies

Opportunities arise when making investments to reduce carbon emissions that also have wider benefits, contributing to the business's operational performance and its societal impact. For instance, the investment of iFood and Takealot in electric bikes both reduces GHG emissions and air pollution from the delivery of food and parcels as well as expands the pool of drivers available to the business. This is because young people do not need a licence to drive e-bikes. So the investment in e-bikes increases job opportunities for struggling job seekers, helping them build financial capital and start their careers. Another example is the investment in on-site solar energy, which reduces reliance on electricity from the national grid and reduces impact from periods of disrupted electricity supply.



## 5 Resource use

### 5.1 Sustainable packaging

In our Food Delivery and Etail businesses packaging is an essential part of the business model and a material environmental impact category. We therefore play an active role in supporting companies in our portfolio to develop impactful strategies relating to packaging, in order to prevent waste and use more sustainable materials and solutions. In the absence of a global framework on how to approach sustainable packaging, we have developed at group level, based on the below six principles of sustainable packaging (figure 5.1). We use these principles to engage and support relevant businesses.

Figure 5.1: Sustainable packaging principles



### 5.2 Framework for sustainable packaging

We believe that delivery platforms can play an accelerating role in scaling the sustainable use and disposal of packaging. Platforms are powerful aggregators. They can set the rules for the marketplace, push the boundaries of sustainability efforts, and significantly help scale innovation in materials and solutions. They can support partners and help them showcase their sustainability efforts while attracting sustainability-conscious consumers.

This insight has inspired us to articulate 10 golden rules for digital delivery platforms to scale sustainable packaging across their own operations and their value chains (see figure 5.2 and [this report](#)).

Figure 5.2: 10 golden rules to scale sustainable packaging

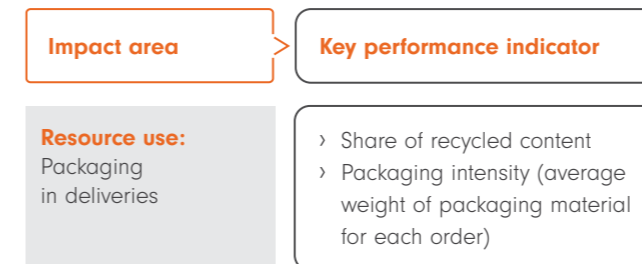


## 5 Resource use continued

Our Food Delivery and Etail portfolio companies work on several actions to implement these golden rules, including:

- › Providing affordable sustainable packaging to restaurants
- › Building in-app solutions that help customers choose sustainable restaurants and sellers
- › Implementing state-of-the-art packaging lines that guarantee efficient fit-for-purpose packaging, reducing excess packaging
- › Working with cities and the informal waste-picking sector to build a more effective recycling system.

We collect data from our portfolio companies on their packaging and track performance on key indicators, which we report annually in our annual environmental impact report. It is important to acknowledge the different levels of control over the use of packaging between Food Delivery on the one hand and Etail and groceries on the other. The latter procures, uses and manages packaging in their operations, while in the food delivery sector, it is the restaurants and business partners that are in charge of the packaging. This creates different opportunities and responsibilities for impact management.



Through a specialised working group at the corporate group level for all the companies in our portfolio that use packaging, we are focused on identifying scalable and systemic sustainable packaging solutions.

### 5.3 Packaging waste

Waste is assessed to be a non-material topic for our group, the offices used by our businesses are serviced by professional waste management operators that collect and recycle the waste stream in alignment with local recycling infrastructure. For example, our corporate head office in Amsterdam benefits from the very high collection and recycling rates in the Netherlands. Data on the waste generated in our Amsterdam headquarters is disclosed in our annual [environmental impact report](#).

Waste is only generated in certain volumes in our Etail businesses, where packaging is sometimes removed from products (inbound) that are received from sellers on the platform, before being repackaged for shipment to the end consumer. These volumes are relatively small. Equally, when packaging has to be removed, it happens in a controlled environment and professional waste management companies are hired to ensure high rates of recycling, with a focus on low incineration and burial. Data on this flow of materials is reported in our annual [environmental impact report](#).

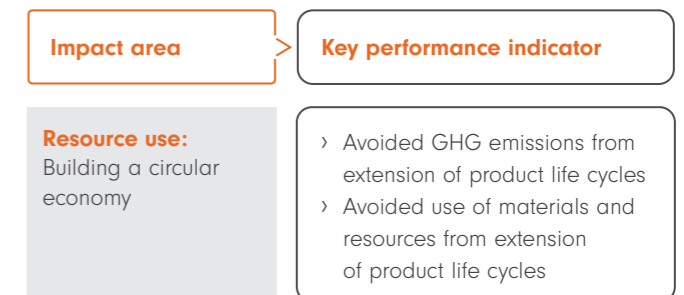
### 5.4 Building a circular economy

A critical element of such a circular economy is keeping products in the economy by extending their useful lives. Our Classifieds platforms create a positive space for reuse of consumer products, and as a result, we need significantly fewer materials and create much less waste and pollution by avoiding the need to make new products.

#### Environmental impact avoided

Classifieds platform OLX has taken a leadership role since 2019 in calculating the environmental contribution of the trade of secondhand products. In its [annual impact reports](#) of Classifieds platform OLX quantifies this positive impact: it calculates the emissions that are avoided by enabling its customers to extend the life of goods like TVs, phones, furniture and clothing. OLX helps prevent millions of tonnes of GHG emissions through the trade of several million consumer products. The company uses life cycle analysis methodology to establish the avoided emissions, use of materials, water and energy by extending the life of millions of items sold, such as tablets, phones, clothes and cars on its platforms across multiple countries.

Another example of contributing to a circular economy is found in our Etail business eMAG. Part of eMAG group are companies Flip and Depanero, which both repair and refurbish consumer electronics and products. Flip specialises in remanufacturing phones and other electronic devices, while Depanero repairs an even wider range of products, both ensuring the products do not become void, but are repaired and returned to use.



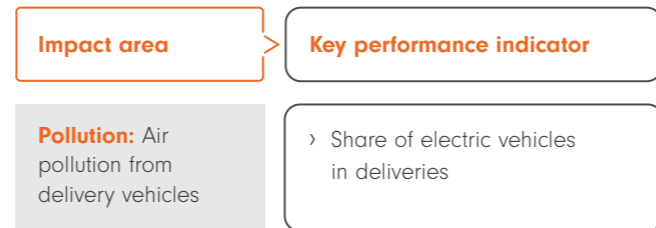
## 6 Pollution: Air pollution from delivery vehicles

The businesses in our group are mostly digital platforms, with few operational assets, which results in low environmental impact across the board. Categories like waste and pollution are small impact categories, except the emissions from the tailpipes of delivery vehicles used in the Food Delivery and Etail sectors to bring food, groceries and parcels to customers. These tailpipe emissions contain pollutants that impact local air quality and people's health.

Regulation of tailpipe emissions happens across the globe and some of the markets of our portfolio companies, in particular 'four-wheel' vehicles like cars and trucks. However, in many markets, most of the last-mile deliveries is done on two-wheelers, of which the emissions are often unregulated and unmanaged by local governments. There are several opportunities to reduce tailpipe emissions, through the use of filters, choice of fuel, specifics of engines and driving style. However, the main strategy, which we support with many actions, is on switching from fuel-based vehicles to zero emissions vehicles and modes of transport; from deliveries on foot, to bicycles but predominantly electric two and four-wheelers.

As is the case with packaging, Etail and groceries deliveries also require first and mid-mile transportation for the supply of its warehouses and distribution centres. This requires larger and fewer vehicles, that make fewer trips, which are often owned or controlled by the Etail company. Food delivery on the other hand is predominantly last-mile, which is typically handled by third-party companies that provide and manage delivery drivers and vehicles.

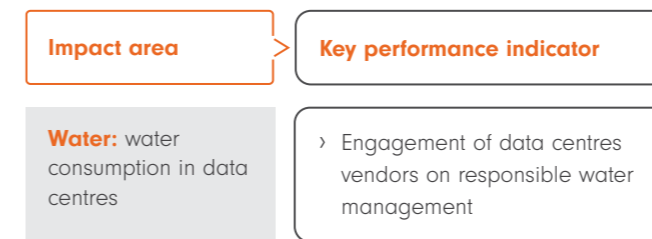
We support our portfolio companies that rely on deliveries with the implementation of solutions to increase the use of a fleet of zero emissions and electric vehicles (see more in our **report on scaling electric vehicles in deliveries**). These solutions range from outright purchasing EVs to providing incentives for drivers to switch vehicles, to working with governments on policies and other public support that create enabling conditions for more electric vehicles. Through a specialised working group at the corporate group level for all the companies in our portfolio that rely on delivery vehicles, we share best practices and knowledge to accelerate the adoption of zero-emission deliveries. In our **annual impact report** we report on the share of zero-emission vehicles used in the deliveries.



## 7 Water

### 7.1 Water consumption in data centres

Our materiality assessment highlights that water use in the operations of our group does not create a high impact, as operational water consumption is predominantly municipal water consumed by our employees in our offices. However, our companies are web-based, digital platforms that rely on cloud and data centre services for their business. While no subsidiary owns any data centres, they are procuring their cloud services from vendors such as AWS and Azure. However, in all data centres, even though further downstream in the value chain of our operating companies, water is critical for the cooling of data centres. There is no direct control over the water consumption in the storage and management of data and hosting of websites. However, we recognise an opportunity to use our influence and push for a more positive impact by engaging with data centre vendors on the approach and performance of responsible water management.



### 7.2 Corporate water use

For our headquarters in South Africa and the Netherlands, the only water usage is municipal water for our office space. The Amsterdam office is part of the municipal ecosystem where water treatment facilities clean sewer water before releasing it into surface water. Our office in Amsterdam is BREEAM-certified (BREEAM certificate number: 1488-BIU-2016), meaning its water consumption, efficiency and management are tracked. We report the water use data in our annual **environmental impact report**.



## Glossary

| Term/acronym                     | Description                                                                                                                                                                                                                                          |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agtech                           | Agricultural technology used to innovate and improve efficiency, profitability and/or sustainability of agricultural practices across the value chain.                                                                                               |
| Associate                        | An entity over which we have significant influence, being the power to participate in the financial policy decisions of the entity through our influence on the board of directors. Typically, an entity in which we have an interest of 20% to 50%. |
| Circular economy                 | An economic system in which waste and pollution are designed out of materials and products that are circulated within the economy and regenerates our natural environment.                                                                           |
| Corporate                        | Corporate entities which have offices include the Netherlands, United States (Ventures), India, United Kingdom and Hong Kong, and corporate employees shall mean people employed at these offices who are employed by the corporate entities.        |
| Edtech                           | Educational technology, marrying learning with technology, enabling new and exciting ways for more people to add to their skills and knowledge.                                                                                                      |
| First party                      | In the context of food delivery and etail, a capital-intensive own-delivery model.                                                                                                                                                                   |
| FSC (Forest Steward Council)     | International, non-governmental organisation dedicated to promoting responsible management of the world's forests, and the world's most respected and widespread forest certification system.                                                        |
| Group                            | Naspers, including its subsidiaries (majority-owned companies), associates (minority investments) and joint ventures.                                                                                                                                |
| Investment or investee           | An entity over which we don't have significant influence, being the power to participate in the financial and operating policy decisions of the entity. Generally an entity in which we have an interest of less than 20%.                           |
| Majority-owned company           | Portfolio company in which we have a majority shareholding, over which we have financial control (also referred to as subsidiary).                                                                                                                   |
| Minority investments             | Portfolio company in which we have a minority shareholding, over which we exercise significant influence, but which it does not control (also referred to as associate).                                                                             |
| Plastics Pact                    | National and regional, voluntary initiatives which bring together key stakeholders, both public and private, to implement solutions towards a circular economy for plastic, tailored to each geography.                                              |
| Portfolio companies              | Subsidiaries, associates and investments, excluding corporate                                                                                                                                                                                        |
| Sustainable aviation fuels (SAF) | Renewable fuel for aeroplanes made not from fossil fuels but from sustainably sourced, renewable resources that can be mixed with any fossil jet fuel to reduce emissions.                                                                           |

## Glossary continued

| Term/acronym                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Science-based climate targets           | Decarbonisation targets that are aligned with the Paris climate agreement to keep global warming to 1.5°C.                                                                                                                                                                                                                                                                                                                                                  |
| Science Based Targets initiative (SBTi) | A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), driving ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets.                                                                                                                                                                                  |
| Scope 1 emissions                       | Scope 1 emissions are direct GHG emissions that arise from sources which organisations own or control. In order to determine control, the group will recognise emissions from owned and controlled assets as direct emissions.                                                                                                                                                                                                                              |
| Scope 2 emissions                       | Scope 2 emissions are indirect GHG emissions that organisations report from the generation of purchased electricity that is consumed for operations owned or controlled. The group will account for electricity purchased for both owned and rented buildings under scope 2.                                                                                                                                                                                |
| Scope 3 category 1 emissions            | This category includes all upstream emissions from production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products).                                                                                                                                                                                                                         |
| Scope 3 category 6 emissions            | This category includes GHG emissions from the transportation of employees for business-related activities through air travel. Business travel includes only corporate office data and excludes all subsidiaries.                                                                                                                                                                                                                                            |
| Scope 3 category 9 emissions            | Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company).                                                                                                                                     |
| Subsidiary                              | An entity that we control evidenced by: <ul style="list-style-type: none"> <li>› owning more than one half of the voting rights</li> <li>› the right to govern the financial and operating policies of the entity under a statute or an agreement</li> <li>› the right to appoint or remove the majority of the members of the board of directors, or</li> <li>› the right to cast the majority of votes at a meeting of the board of directors.</li> </ul> |
| Third party                             | In the context of food delivery and etail, a capital-light marketplace model where meals and parcels are delivered by third-party delivery drivers.                                                                                                                                                                                                                                                                                                         |
| Value chain                             | The network of all the individuals, organisations, resources, activities and technology involved in the creation and sale of products and services.                                                                                                                                                                                                                                                                                                         |

**NASPERS HEAD OFFICE**

+27 (0)21 406 2121

40 Heerengracht  
Cape Town  
8001  
South Africa

[www.naspers.com](http://www.naspers.com)