Natural capital

We are committed to reducing our environmental impact and helping to decarbonise society is a part of our purpose. Digital technology is key to saving energy, using natural resources efficiently, and creating a more circular economy to reduce waste. We believe our digital networks and technologies can contribute to mitigating the effects of climate change.

What natural capital means to Vodacom

We define our natural capital as the natural resources the Group uses during the normal course of business. The life cycle of our manufactured capital affects natural capital resources when we establish and decommission the infrastructure our network relies on. Day-to-day, our operations rely on various energy sources to support network connectivity which also affects natural capital.

How natural capital supports our System of Advantage

Natural capital forms the basis of resources needed to implement our **System of Advantage**. While we must use natural capital to operate, we are committed to reducing the impact of our business activities. We recognise that climate change poses significant physical and transitional risks to our strategy, while also presenting several opportunities. We actively manage climate-related risks through the Group's enterprise risk management framework.

Our natural capital at a glance

Our key focus areas	Key FY2023 achievements	Strategic pillar affected
Responding to climate change to help build a sustainable future	• Principal sponsor of COP27 with Vodafone and Vodafone Egypt. • Issued the Group's first TCFD report. • Supported flood victims in South Africa, DRC and Mozambique.	10
Decreasing scope 1 and scope 2 emissions to reduce our contribution to climate change[1]	• We established a new agreement with the Egyptian government to gain access to renewable power, offsetting a large percentage of our fossil-fuel based electricity supply. • In South Africa, we have co-developed a novel solution with the national energy provider, Eskom, which in the near term would allow us to procure and wheel renewable power from utility-scale independent power producers. • **0.4** $mtCO_2e$ per terabyte of data, down 39%. • **0.8** energy intensity (Total MWh per terabyte of data) (FY2022: 1.0). • Leveraged best practice from Safaricom's more than 1 400 solar-powered base stations and rolled out more than 200 new solar-powered base stations across our International markets.	2 8 10
Managing scope 3 emissions to support our customers and suppliers[2]	• Produced the Group's first comprehensive scope 3 disclosure. • **1.0 million** $mtCO_2e$ avoided emissions[2] (FY2022: 1.6 million $mtCO_2e$). • Developed IoT solutions to save energy, create cleaner and more efficient communities.	10
Driving circularity to optimise our operations	• **516.1** tonnes equipment recycled (FY2022: 310.5 tonnes). • **36.4** tonnes of equipment redeployed in the network (FY2022: 38.3 tonnes). • **37** RedLovesGreen repair centres.	10
Supporting biodiversity to understand our impact and implement new technologies	South Africa continued to manage our biodiversity dependencies and impacts by influencing the behaviour of our suppliers and subsidising IT solutions to help biodiversity conservation.	10

1 Planet data excludes Egypt. This data is in the ESG addendum.
2 South Africa.

The value we create, preserve and erode

Responding to climate change to help build a sustainable future

The UN Climate Change Conference COP27 highlighted this decade as critical for climate action. Actions include implementing decarbonisation measures and accountability from governments, sectors, enterprises and institutions to address the harshest impacts of climate change.

Advocating for climate change action

Vodacom, Vodafone and Vodafone Egypt reaffirmed their commitment to climate leadership through a headline sponsorship of COP27 in Sharm El Sheikh in November 2022. Our presence demonstrated our resolve for business to take an active role in bringing about the green digital transition. We provided essential digital connectivity services for the conference and its delegates. Vodacom showcased examples of innovative green digital solutions that can help optimise resource efficiency – such as our MYFARMWEB™, eVuna and e-Vouchering, which support over 4.9 million farmers across Africa to minimise agricultural inputs like fuel, water and chemicals, while maintaining crop yields.

Vodacom's TCFD programme

Published the Group's first Task Force on Climate-related Financial Disclosures (TCFD) report and progressed the Group's response to the TCFD recommendations including initial work on the Group's net zero plans, as well as enhanced target setting and reporting processes.

WWW For more information, refer to our TCFD report.

Supporting those affected by severe weather

Climate change-related weather events are escalating, with cyclones and flooding impacting areas of southern Africa in the past year. During the year, Vodacom supported flood victims in South Africa, the DRC and Mozambique.

ESG For more information, refer to our ESG report.

Supporting partnerships and collaboration

Partnerships are essential to addressing the climate and nature crises and reducing environmental impact. We work with global and local partners to deliver on planet strategy initiatives. These include sponsoring the COP27 UN Climate Change Conference, becoming a signatory of the UN Global Compact's African Business Leaders Coalition's climate statement and our partnership with the World Wide Fund for Nature (WWF) in South Africa and Tanzania. WWF's impactful environment projects, Vodacom's reach, and digital technology capabilities will showcase how technology can help overcome sustainability and conservation challenges.

Uniting through RedLovesGreen

Our RedLovesGreen journey aims to unite Vodacom, our customers and our partners to create environmental awareness and encourage action towards a more sustainable future. Through this, we communicate and educate for a positive impact on climate change.

Value created | Value eroded | Value sustained

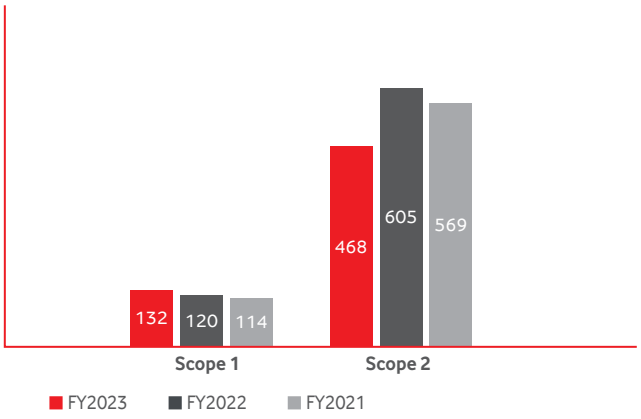
Decreasing scope 1 and scope 2 emissions to reduce our contribution to climate change

As a subsidiary of the Vodafone Group, Vodacom Group plays a notable role in contributing to Vodafone's achievement of its net zero targets. Our activities to reduce scope 1 and scope 2 emissions focus on driving energy efficiency across our mobile and fixed-line networks, phasing out the use of fossil fuels and increasing renewable sources of energy.

We execute the Vodacom energy strategy and decarbonisation plan, approved in FY2022, through our Group Energy Centre of Excellence. Each OpCo's energy lead coordinates the localised energy and decarbonisation strategies in accordance with the Group energy strategy.

Our goals are to reach a 50% reduction in our scope 1 and 2 GHG emissions and procure 100% of our electricity from renewable sources by 2025.

GHG emissions (thousand mtCO$_2$e)



Driving energy efficiencies

Vodacom's primary source of carbon emissions is our electricity consumption. Our energy powers our access network of base stations (84%), technology centres (13%), buildings (offices and warehouses) (3%) and some of our retail stores.

We spent R3 billion on electricity, a 21% year-on-year increase driven by increased electricity tariffs due to post-COVID-19 economic recovery and the war in Ukraine, and increased diesel use due to unreliable or unavailable grid power.

We invested R33 million in energy efficiency projects, with the potential to deliver annual energy savings of 3.4 GWh (FY2022: R50.5 million, to deliver 9.1 GWh savings). The projects focus on our base station sites and data centres, which account for 96% of our total energy consumption. Egypt has an ISO 50001, with all other markets being certification-ready, with full certification targeted in early FY2024.

- 1.0 energy intensity (MWh per terabyte of data) (FY2022: 1.5 energy intensity).
- Energy consumption increased by 3.0% to 1 194 GWh (FY2022: 1 159 GWh).

Switching to renewables

Our footprint of towers or masts is spread across multiple geographies. As such, onsite solar can be challenging due to limited physical space, site accessibility, theft and vandalism. Despite these constraints, we rolled out more than 200 solar-powered sites in our International markets in the year under review. Onsite renewable electricity is currently 8% (FY2022: 1%) of our overall renewable energy consumption (including renewable energy certificates); however this is expected to shift on the conclusion of various projects outlined below.

We are partnering with Eskom to source electricity from independent renewable power producers. The programme is underpinned by an innovative virtual wheeling platform developed by Mezzanine, a Vodacom subsidiary. This will contribute renewable power to the national grid, closely matching our energy consumption profile, to offset our emissions from electricity. Our virtual wheeling solution presents an opportunity for companies with a similar distributed nature of operations to follow suit. Through this initiative, we believe the private sector can help solve South Africa's energy crisis.

In South Africa, we have completed the first phase of our Midrand campus solar project with the installation of solar panels. This 6 MWp solar installation is designed to yield of 10.8 GWh/year of renewable energy, saving 11 448 mtCO$_2$e.

We established a new agreement with the Egyptian government to gain access to renewable power, offsetting a large percentage of our fossil-fuel-based electricity supply.

We are collaborating with partners to develop new innovative solutions for renewable generation, developing proof-of-concept mini-grid solutions in Mozambique and the DRC.

A portion of our electricity consumption is matched with renewable electricity certificates.

ESG For more information, refer to our ESG report.

Managing diesel use

We used 45 million litres of diesel (FY2022: 40 million litres) mainly to fuel generators at off-grid sites or sites without reliable grid electricity supply. Increased diesel consumption was driven by constrained grid-supplied electricity, particularly in South Africa (impacted by loadshedding) and the DRC.

In the long term, we seek alternatives to diesel including connecting offgrid sites to the grid where possible, fuel cell technology trials and small-scale onsite renewables.

PG For more information on the impact of loadshedding on our manufactured capital, see **Page 66.**

Managing scope 3 emissions to support our customers and suppliers

Working with partners to reduce scope 3 emissions

We focused on our reporting to ensure our scope 3 reporting aligns with the GHG protocol and we have published a full scope 3 disclosure for the first time. Scope 3 emissions are indirect GHG emissions that we cannot control but could influence. Our scope 3 emissions were 1.14 million $mtCO_2e$. Purchased goods and services, capital goods and fuel and energy-related activities account for over 80% of our scope 3 emissions.

To reduce the impact of our upstream supply chain emissions, working with Vodafone, we engage with top suppliers in the procurement process on energy efficiency improvements in hardware and software solutions. Our supplier evaluation request for quotation processes includes a 20% weighting for environmental and social criteria. The supplier performance management programme covers environmental factors, and suppliers' GHG performance is one of the factors considered. Vodacom uses Vodafone's key global supplier benchmarks. Global suppliers provide details of their GHG emissions and management programmes through the Carbon Disclosure Project (CDP), a global disclosure system that helps companies measure and report their environmental impacts.

Enabling our customers to reduce their emissions

We develop digital technologies and services that enable our customers (enterprises and governments) to reduce their environmental footprint. We began by using green digital solutions to tackle climate change and help decarbonise society.

Our IoT services, including logistics and fleet management and smart metering, are underpinned by a strong commercial rationale with three main opportunities for customers.

- Increased efficiency and reduced wastage.
- Using IoT to deliver cost efficiency.
- Changing customer behaviour to promote long-term sustainability.

During the year, we supported 1.0 million $mtCO_2e$ avoided emissions (FY2022: 1.6 million $mtCO_2e$). This is equivalent to 50 million trees growing for one year.

Driving circularity to optimise our operations

Circularity is a key enabler of our planet strategy. It considers the full life cycle of a resource and aims to eliminate waste – reducing environmental impact. We aim to use resources for as long as possible to maximise the ROCE and recover and reuse materials responsibly. e-Waste is our second most material environmental issue. Our waste management policy prioritises safe and responsible reuse and recycling, and our waste hierarchy embeds sustainable practices throughout our operations and supply chain activities.

Our approach aims to ensure we maximise value from our equipment, keeping resources for as long as possible. We reuse, recover, resell and recycle obsolete equipment responsibly. We further support our customers' efforts in managing e-waste responsibly.

Our electronic waste goals are to reuse, resell or recycle 100% of our network waste by 2025. In our own operations, our goal is to reduce single-use plastic waste by 80%, recycle 100% of paper waste in offices and convert 90% of food waste to compost by 2025[1].

Circularity of network waste

Our resource efficiency and waste disposal management programmes minimise environmental impacts from network and IT equipment waste. When reuse (either through resale or redeployment) options are exhausted, we recycle obsolete equipment responsibly using approved recycling agencies. Network waste is never sent to landfill sites. We use certified local service providers to dispose of our telecommunication equipment when the useful life is exhausted. Obsolete batteries, classified as hazardous waste, go to a licensed facility for incineration.

- 516.1 tonnes equipment recycled (FY2022: 310.5 tonnes).
- 36.4 tonnes of equipment redeployed in the network (FY2022: 38.3 tonnes).

1 South Africa; against a 2017 baseline.

Value created | Value eroded | Value sustained

Circularity of devices and extending the lifetime of devices

We support customers in extending the lifetime of their device through repair or recycle. Our RedLovesGreen campaign encourages customers to return their devices to any of our 37 repair centres in South Africa. Depending on the make, model and condition of a returned device, it may be repaired, refurbished, resold or sent for recycling.

We also encourage customers to consider buying second-life devices. Refurbished devices are either repackaged, certified Good as New and sold with a six-month warranty, or donated to a Vodacom-supported school. If the device is not in suitable condition it is sent to a Vodacom-approved recycling agency.

- 369 739 consumer devices repaired, refurbished or recycled (FY2022: 372 391).

Vodacom also provides 36-month contracts to make high-quality devices more affordable and encourage customers to extend the lifetime of devices.

Improving customer awareness of product sustainability

Through the Eco Rating initiative, we continue to help consumers identify and compare the most sustainable mobile phones on the market, while encouraging suppliers to reduce the environmental impact of devices.

Eco Rating labelling on devices helps customers make more conscious and sustainable purchases. Following a detailed assessment, each handset receives an overall Eco Rating score out of a maximum of 100 to represent its environmental performance across its entire life cycle. The Eco Rating label highlights five key aspects of mobile device sustainability – durability, repairability, recyclability, climate efficiency and resource efficiency.

Eco Rating is available in South Africa with rollout to additional markets being assessed.

Reducing virgin plastic use in our SIM cards

Vodacom initially introduced the half-sized SIM card, to reduce virgin plastic waste by reducing the plastic and packaging materials used. We also launched our Eco-SIM, which is a half-sized SIM card made of recycled plastic. The introduction of Eco-SIM cards is dependent on regulatory approval and consideration of the market penetration of devices that support these SIMs. Other initiatives involve reducing SIM card churn. More than 500 tonnes of paper and 300 tonnes of plastic have been saved by the Eco-SIM cards initiative.

Managing general waste

Our general waste management programmes involve reviewing our consumption choices, making more sustainable decisions and working with suppliers to reduce environmental waste. Waste management at our operations primarily focus on reducing paper consumption and single-use plastics; using eco-friendly products and managing waste through paper recycling and food waste composting.

We responsibly manage the waste streams involved in delivering our products by digitalising branch processes towards being completely paperless, pursuing green lease agreements for stores including water, waste and electricity management target, and reducing our plastic usage.

Using water responsibly

While we are not a water-intensive business, we operate in some of the driest countries in the world. We aim to reduce our consumption and support a sustainable earth. Water-saving measures include waterless urinals, chemical toilet flushing, waterless hand sanitising stations and aeration taps with reduced water flow, efficient use of borehole water, rainwater harvesting and water-wise gardens. For our employees, we promote responsible water consumption through targeted campaigns such as World Water Week.

We enable our government and businesses' customers to manage their water consumption through our digital solutions and IoT capabilities. These solutions help local municipalities monitor and manage water leaks through early detection.

Supporting biodiversity to understand our impact and implement new technologies

Although our impact on biodiversity is low, we aim to understand how our value chain activities impact biodiversity and minimise the environmental and visual impact of our infrastructure.

Outside of our managing our impact, we work with conservation agencies to explore how technology can minimise biodiversity loss. Through our partnership with the WWF, for example, we leverage technology to support various conservation efforts.

Understanding and managing our impact on biodiversity

Vodacom is increasingly seeking to understand our impact, the risks of biodiversity loss, and opportunities to partner with stakeholders to prevent further harm. Using tools such as the biodiversity mainstreaming readiness assessment conducted by the Endangered Wildlife Trust, we are shaping our response to managing our land use impacts, and in influencing the behaviour of our suppliers. We will expand this work by engaging with emerging frameworks such as the Task Force on Nature-related Financial Disclosures in the coming years.

Supporting biodiversity protection through new technologies

Technology can help minimise the impact of human activity and we partner with various organisations to protect biodiversity on land and at sea. We continue to support sustainable fishing in South Africa, reforestation efforts in Tanzania and partner to protect endangered wildlife species.

ESG For more information on these initiatives, refer to our ESG report.