The Task Force on Climate-related Financial Disclosures (TCFD)

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Governance	
Naspers disclosure	
Board's oversight of climate-related risks and opportunities	Climate and sustainability issues are considered at board level through the board's social, ethics and sustainability committee and risk committee. The board is informed about climate-related risks and opportunities at all scheduled social, ethics and sustainability committee, risk committee, and board meetings to inform strategic business decisions and the direction of our sustainability plan. Refer to governance for a sustainable business on page 109 for meeting details. Reflecting our commitment to strong sustainability governance, the board-approved group sustainability plan identifies and focuses on specific sustainability goals, including the environmental programme. The board oversees, and is ultimately responsible for, sustainability and the progress made against the sustainability plan.
Management's role in assessing and managing climate-related risks and opportunities	Illustrative of the prioritisation of sustainability within our company, in FY21 we brought on board a global head of sustainability to provide direction to, and lead, our efforts across the group. She reports directly to a member of the executive management, who reports to the chief executive; and is supported by the environmental programme management team and sustainability officers at holding company level. Sustainability champions across the businesses are responsible for the implementation of the environment programme while also reporting on carbon data and progress against set targets. The team is further supported in identifying reduction opportunities and possible alignment with science-based targets, through the engagement of South Pole's advisory services. The group chief executive proactively included a carbon footprint management KPI in his short-term performance incentives. This goal is cascaded down to his direct reports and their organisations, including the CEOs of majority-owned companies within the group. Climate change and its impact on and by us, is highlighted by our stakeholders as one of the material topics for our business to address and therefore included in our materiality matrix and stakeholder reporting. The matrix takes into account our risks and opportunities and is anchored in the global risks identified by the World Economic Forum Global Risk Report 2021. This further drives attention and a clear topdown mandate for oversight and management of climate-related issues across the group.

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Strategy	
Naspers disclosure	
Risks and opportunities identification	Climate change is creating visible changes to our planet, caused in part by a growing population and resource challenges. Shared and significant global risks are all environmentally oriented and are most material for Naspers Limited (Naspers) in the geographies that will be the most impacted by the impacts of climate change – and where we do business. We take this responsibility seriously and will leverage our presence across the most vulnerable parts of the planet to call for the acceleration to greener economies. Our stakeholders have prioritised climate change as a material issue for Naspers, which is addressed both within our operations and core business decisions. And our environmental programme begins with an understanding of the material physical and financial climate risks to our business and operations across all the geographies we operate in. Our consideration of the risks and consequent mitigation actions are implemented over the short- to mid-term horizons of two to five years, however, these workstreams and targets will contribute to a longer-term decarbonisation road map over 20 years. This year, the company undertook a comprehensive climate risk analysis to gauge both physical risks presented across the entire group and financial consequences of the risk level. This was created with the support of Trucost's carbon-pricing analysis to explore the risk and potential future financial impact of climate-related policy action against a high, moderate and low carbon price scenario from now to 2050. We also analysed the physical risk exposure based on for a high, moderate and low temperature rise scenario, based on IPCC Representative Concentration Pathways (RCP) – 8.5 (high business as usual pathway), 4.5 (intermediate stabilising pathway) and 2.6 (low pathway) respectively. We assessed potential physical and transition risks to quantify and qualify exposure to different transition risk categories (policy, market, reputation, technology) and physical climate hazards for Naspers operating facilities and key ingredients. The physical risk assessment was conducted in two phases: (a) an assessment of physical risk scores for exposure to different climate hazards under different scenarios, and (b) an assessment of value at risk.
Key insights from our risk analysis	1. The group's operations globally have little or no exposure to climate-related policy action in the markets in which they operate. All entities fall below the threshold of a carbon tax and tend to be relatively low-impact in terms of the carbon footprint of their direct operations. 2. Many of the business lines within Naspers are disruptive and designed to increase provision to online services to consumers, thereby reducing the climate impact of those services, for example online education. The brands are market-leading and generally perceived as good actors and in step with the wider efforts of the countries in which they operate. 3. Overall, our technology risk – linked to data centres – that would be most relevant to our business is low. 4. At core Naspers holding company level there is no customer interface, and cloud services procured are limited to meeting the needs of employees. We extend our approach on responsible procurement by partnering with established cloud services vendors who also have robust environmental management strategies. The business model of most companies that we have a controlling interests in, are anchored in the provision of digital services where procurement of cloud services and data centres is a material consideration. None of the companies run their own data centres and are meeting their cloud services needs through established vendors who have their own environmental management programmes in place.
Strategy	Naspers is taking its responsibility as a leading, global investor and operator in technology business seriously, by proactively tackling climate change. We intend to further sharpen our focus and drive impact by making climate integral to how we do business, for example climate change considerations will inform our selection of suppliers, how we influence business partners, and how and where we allocate allocating capital. As an 'investor' in digital technology, our operations have an insignificant carbon footprint. Our emissions are primarily from our office infrastructure and business travel.

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Strategy continued

Naspers disclosure

Our investment strategy	Our investment strategy guides us to focus on sectors such as fintech, edtech and classifieds that significantly reduce the need for physical infrastructure and transportation for delivery of financial services, education and resale of goods. The core business model of these sectors provides solutions for climate change mitigation and adaptation. Naspers is already investing in low-carbon businesses in mobility and logistics, such as battery producers, ride-sharing for bikes in Pakistan, and last-mile delivery in ElasticRun. Climate transition might be a catalyst for the growth of these services leading to an increased adoption rate, and Ventures is currently looking for investable opportunities in sustainable businesses. Electrification of transport (eg transport trucks and motorbikes) is also a significant opportunity area for delivery-based businesses. We are mindful of the impact of our capital allocation choices and do not invest in inherently carbon-intense sectors. Our portfolio is spread across diverse geographies like India and South Africa, where erratic weather conditions lead to extremes, such as floods or droughts. However, with our focus on digital technology, our entities are less vulnerable to disruptions as there is no large physical infrastructure to be impacted.
Our environmental programme	Our environmental programme has a three-pronged approach of reduce, replace and offset unavoidable emissions of our operations. Each entity within the group which includes corporate level Naspers and majority-owned companies, are required to embed their environmental targets and performance against these targets within their business plan update. This includes a forecast of the resources required towards the transition to greener operations. For example, procurement of on-site renewables or green energy is costed into the annual budget forecast. In the short term, we are committed to being carbon-neutral. In the long term, even though the organisation has a limited carbon footprint, we are in the process of analysing our potential for alignment to science-based targets and for the identification of reduction opportunities to comply with a <2°C scenario. The outcomes of this analysis will provide us with a clear understanding of the financial and non-financial resources required for each individual entity within the larger group, taking into account variances in business models, geographies and opportunities for a science-based carbon-reduction roadmap. Our carbon emission reporting framework defines the criteria and manner in which Naspers determines its carbon footprint. We clearly indicate and communicate our understanding of our organisational greenhouse gas (GHG) risks, opportunities and actions taken such as: • Control GHG data gathering and accounting • Managing risks and identifying reduction opportunities • Public reporting and participation in voluntary GHG programmes • Recognition for early voluntary action

Risk management

Naspers disclosure

Risk assessment

In 2020 we undertook a robust data-driven assessment of climate-related transition and physical risks and opportunities in line with TCFD recommendations. This assessment included:
- Management interviews with various leaders from across the business to understand the drivers and materiality.
- A risk assessment to quantify and qualify exposure to different transition risk categories and physical climate hazards for Naspers operating facilities and key factors.

Risks were explored based on potential future financial impact of climate-related policy action against a high, moderate and low carbon price scenario from now to 2050.

Overview of findings

- Overall, the group's global exposure to climate-related policy and legal, market, technology and reputation risk is low.
- Geographic location of specific businesses raised the likelihood of physical climate-related hazards (eg floods and sea level rise in India and increased water stress and drought in South Africa). However, these risks are unlikely to disrupt the operations of the Naspers businesses as a whole, which are largely decentralised and web-based.
- The analysis revealed opportunities for the group to differentiate in local markets by being proactive with a strong position on climate change.

Type		Climate-related risks	Time horizon			Assessment basis
			0-2 yrs	2-5 yrs	5-20 yrs	
Transition risks	Policy and legal	• Increased pricing of GHG emissions due to regulations designed to limit global warming to below 2°C			↔	• The group's operations globally have little or no exposure to climate-related policy action in the markets in which they operate. All entities fall below the threshold of a carbon tax, and tend to be relatively low-impact in terms of the carbon footprint of their direct operations. However, if the world is to meet its 2050 climate targets, eventually policy action will broaden to incorporate a wider section of the economy and as such, some business segments could be directly affected.
	Market	• Increased carbon taxes on fossil fuels used in agricultural supply chain			↔	• Some business segments rely on web services and third-party manufacturing that might face increased cost linked to regulatory action to limit GHG emissions, eg in India and Indonesia. It is also unclear what impact the shift away from fossil fuels is likely to have on business-to-consumer (B2C) segments of our business that rely on third-party logistics. For instance, the group's Food Delivery and Etail businesses rely on delivery drivers to transport goods and meals to customers, many of which are not directly employed by those businesses. However, overall, this is still likely to be low risk and green initiatives are already underway within these businesses, which further mitigate the risk. • More broadly, energy security is a risk for the South African economy as a whole and could impact revenue related to operations based in South Africa, eg online advertising. However, it is unclear how this will be impacted by a low-carbon transition.
	Reputation	• Increased scrutiny and negative sentiment from stakeholders on climate-related issues		↔	↔	• Many of the business lines within Naspers are disruptive and designed to increase provision to online services to consumers thereby reducing the climate impact of those services, for example online education. The brands are market-leading and generally perceived as good actors and in step with the wider efforts of the countries in which they operate. • However, there will be greater focus from markets and investors on climate-related issues in the near future. As such, the group should be proactive rather than reactive in order to differentiate itself from our competitors. • If the group's businesses are perceived as not being proactive in addressing the environmental issues (eg packaging, plastics and food waste) this could have a negative impact on its reputation with consumers, particularly as climate awareness among consumers is growing in emerging markets.

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Risk management continued

Naspers disclosure

Overview of findings continued

Type		Climate-related risks	Time horizon			Assessment basis
			0-2 yrs	2-5 yrs	5-20 yrs	
Transition risks	Technology	• Costs associated with mitigating scope 1 and scope 2 towards net-zero			↔	• Overall our technology risk is low. • At core Naspers corporate level there is no customer interface, and cloud services procured are limited to meeting the needs of employees. We extend our approach on responsible procurement by partnering with established cloud services vendors who also have robust environmental management strategies. • The business models of most companies that we have a controlling interest in, are anchored in the provision of digital services where procurement of cloud services and data centres is a material consideration. With the diversity of geographical location, business models and operational structures, each of these companies has its own procurement strategy for cloud services. None of the companies run their own data centres and are meeting their cloud services needs through established vendors like Amazon Web Services, Azure and Google, among others, who have their own environmental management programmes in place.
Physical risks	Acute and chronic	• Reduced water availability in agricultural supply chain	↔	↔	↔	• Certain business segments operate in locations that are likely to be impacted by physical climate-related hazards, such as floods and sea level rise in longer term (eg in Mumbai). • The Takealot group operates two distribution centres in South Africa that may be disrupted by the impact of increased water stress and drought. More broadly, logistics (upstream from suppliers and downstream to customers) might be impacted due to storms and localised risks. • However, these risks are unlikely to disrupt the operations of the Naspers businesses as a whole, which are largely decentralised and web-based.

Risk management continued

Naspers disclosure

Overview of findings continued

Type		Climate-related risks	Time horizon			Assessment basis
			0-2 yrs	2-5 yrs	5-20 yrs	
Opportunities	**Products and services**	• Improved product/ service efficiency				• Naspers has an opportunity to differentiate in local markets in the eyes of consumers by proactively tackling climate change. The company can do this by making climate integral to how do we business, for example selecting suppliers, influencing business partners, and allocating capital. Naspers is already investing in low-carbon businesses in mobility and logistics, such as battery producers, ride-sharing for bikes in Pakistan, and last-mile delivery in ElasticRun. Climate transition might be a catalyst for the growth of these services leading to an increased adoption rate, and Ventures is currently looking for investable opportunities in sustainable businesses. Electrification of transport (eg transport trucks and motorbikes) is also a significant opportunity area for delivery-based businesses. • iFood is a market leader in food delivery in Brazil. There is an opportunity to promote more environmentally friendly alternatives, for example use of electric motorcycle, bikes and drones for deliveries, which would reduce the environmental impact of its service and enhance its reputation in the market with customers. Takealot group, South Africa's largest online retailer, has already embarked on efforts to shift modes of transport from air freight to road transport and shipping, which have been cost-effective for the business. There may further be opportunities for fleet replacement as costs for electric vehicles come down and also to deploy new technologies, eg in warehouses, to minimise environmental impact. • For Media24, structural shifts from print to digital, as well as diversification to ecommerce and e-fashion, should result in lower carbon footprint for the business. • eMAG has strong focus on greening operations through procurement of renewable energy, investing in energy-efficient distribution centres and building a local network of lockers. In the future, there may be opportunities to promote green products through online platforms to meet growing consumer interests.

As mentioned above, we have in place an internal carbon emission framework that defines the criteria and manner in which Naspers determines its carbon footprint. We clearly indicate and communicate our understanding of our organisational GHG risks resulting from our business activities.

We are further embarking the services of South Pole group to assist us with our decarbonisation pathway, identifying reduction strategies and energy-efficient initiatives.

Climate risk identification, assessment and management are integrated into the group's overall risk management approach and framework. For more information on our groupwide approach to risk management, including risks relating to carbon, refer to our integrated annual report Managing risks and opportunities section on page 63, including natural capital on page 88.

Metrics and targets continued

Naspers disclosure

Future risk from carbon pricing – scenario analysis	From the analysis performed by our technical partner, Trucost, using carbon-pricing risk projections, our carbon-pricing risk exposure is relatively low. For the year 2050 it ranges from US$2m to US$6m under low to high carbon price scenarios respectively.

Carbon-pricing risk in 2050	Scenarios	
Impact by 2050 (scope 1, 2 and 3)	Low carbon price (2-3°C scenario)	High carbon price (2°C scenario)
Carbon-pricing risk – total estimated annual increase in carbon regulation costs	US$2m	US$6m
Percentage change in operating cost	+0.1%	+0.3%
Source: Trucost analysis (US$ 2019), scope 1 and scope 2		

Carbon pricing risk in US$'m in 2050 by geography (based on 2°C scenario)	• South Africa: US$3.76 • Rest of the world: US$2.48 • Poland: US$0.14 • India: US$0.07

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Metrics and targets continued	
Naspers disclosure	
Future risk from physical climate risks – physical risk	The outcome of a risk analysis performed by our technical partner, Trucost, leads us to conclude that our carbon-pricing risk exposure is relatively low. For the year 2050 it ranges from US$2m to US$6m under low to high carbon-price scenarios respectively. Analysis of our exposure to climate hazards, based on the geographic location of facilities under each climate scenario, showed that these risks are unlikely to disrupt the operations of the Naspers businesses as a whole, which are largely decentralised and web-based. Certain business segments operate in locations such as India and South Africa that may be impacted by physical climate-related hazards such as floods or drought. However, these are longer-term, localised risk factors. They would not be disruptive to the delivery of web-based services that the entities in these locations offer, but would rather be impacting general life of customers and employees. Below is a summary of results for the moderate temperature rise scenario (RCP 4.5). The analysis considers inherent exposure to climate hazards in the vicinity of Naspers's facilities, not taking into account potential risk mitigation or adaptation measures.
GHG emissions and carbon commitments	This year we measured our scope 1 and scope 2, and for the first time, scope 3 group GHG emission footprint on page 88 of the integrated annual report. We are also making a big step forward in going carbon-neutral, strategically focusing on reduction through energy efficiency and changes in processes, renewable-energy procurement and offset unavoidable emissions. We will continue to disclose our climate-related actions and progress through our annual reports and standards disclosures, including TCFD and CDP. Next year we intend to communicate our carbon roadmap with targets that are aligned with the Paris Agreement.