



Doing for tomorrow, today

MTN Group Limited
Net Zero Philosophy 2022

MTN's Net Zero Philosophy

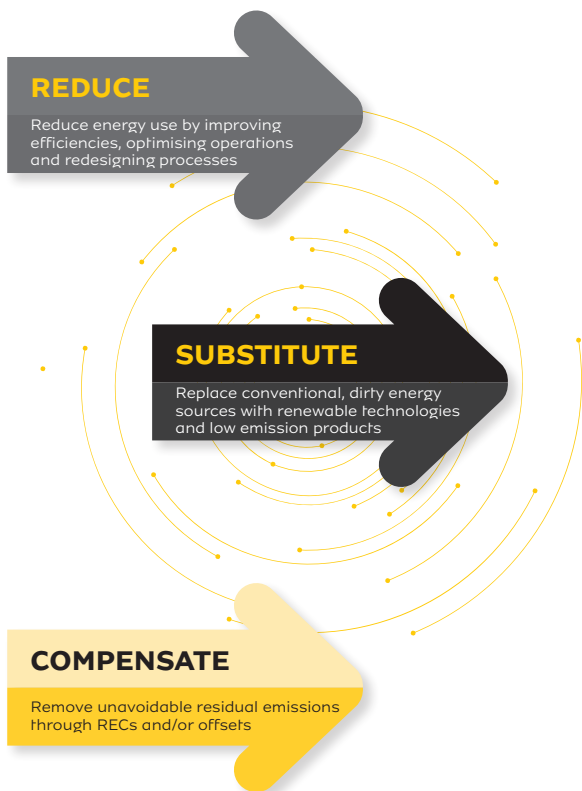
Who are we?

MTN is a pan-African mobile operator. Our purpose is embodied in our belief statement that everyone deserves the benefits of a modern connected life. **Our strategic intent is leading digital solutions for Africa's progress.** We provide a diverse range of voice, data, fintech, digital, enterprise, wholesale, and API services to more than 289 million customers in 19 markets. MTN's **Ambition 2025** strategy is premised on our belief that everyone deserves the benefits of a modern connected life – a genuine opportunity to play a positive and meaningful role in creating a sustainable and inclusive world.

Creating shared value is one of the key pillars of our **Ambition 2025** strategy. Our vision is to create shared value for our stakeholders through responsible environmental, social and governance practices and solutions.




Our philosophy under pillar 'E' of ESG is underpinned by our committed to protecting our planet and achieving Net Zero emissions by 2040. This is influenced by our aim to build an environmentally responsible business by imbibing a sustainable business and operational ethos, while reducing greenhouse gas emissions (GHG) across our footprint by focusing on three pillars – Reduce, Substitute and Compensate.

To bring our philosophy to fruition, we launched Project Zero to drive our vision to become Net Zero by 2040.



Why do we need to achieve Net Zero?

MTN understands the importance of conducting and growing its business in a sustainable manner. To contribute to global GHG emission reduction, improve energy security and enhance operational performance, we need to be a Net Zero business.


 <p>Contribute to emission reduction globally</p>	<p>3% to 4% Information and communication technology (ICT) sector's contribution to global GHG emissions⁽¹⁾</p>	<p>~1.6% Telecom industry's contribution to global GHG emissions in 2021⁽¹⁾ ~14% Expected by 2040⁽¹⁾</p>
 <p>Improve energy security</p>	<p>~50% Power outage due to power deficit/grid instability in sub Saharan African markets lead to reduced services⁽²⁾</p>	<p>~40% to 60% Dependency on imports of fuel in South Africa due to shutting down of refineries⁽³⁾ (South Africa) contributes ~24% to MTN's EBITDA⁽⁴⁾</p>
 <p>Enhance operational performance</p>	<ul style="list-style-type: none"> • High fluctuation in diesel and other fuel prices due to reliance on imports affects EBITDA. • Self-reliance in meeting energy needs leads to stable and robust revenues by ensuring the continuity of services. • Self-reliance on green sources of power yields sustainable EBITDA. 	

MTN's Net Zero Philosophy continued


What are our Net Zero goals?

OUR COMMITMENT

We are committed to achieving Net Zero emissions across our footprint by 2040 against 2021 baseline. We have targeted to optimise energy consumption and switch to renewable energy by 2040 to achieve our Net Zero goals and we have already embarked upon the journey to implement these critical levers.




Net Zero by 2040
across Scope 1, 2 and 3 emissions



Increase RE penetration

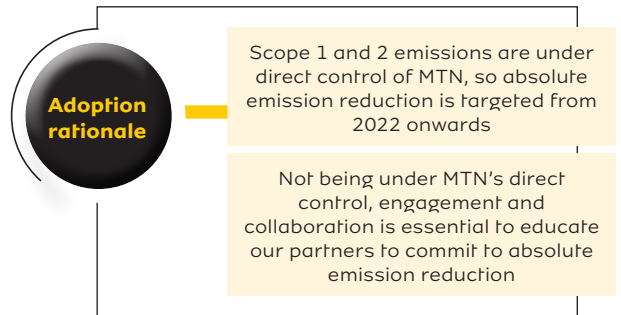
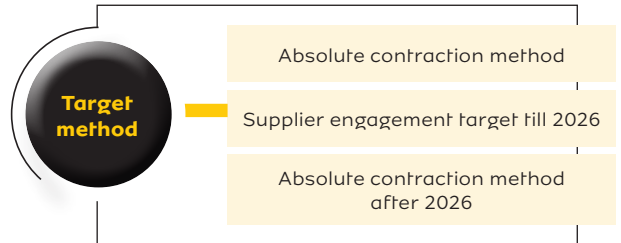
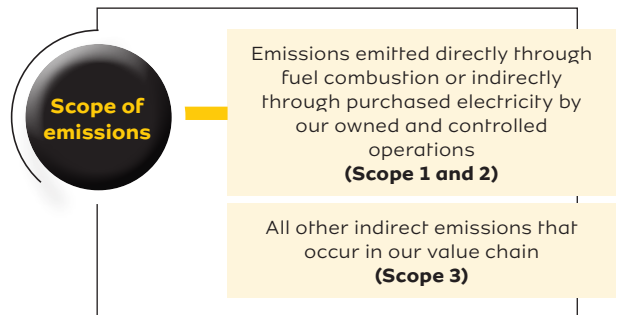
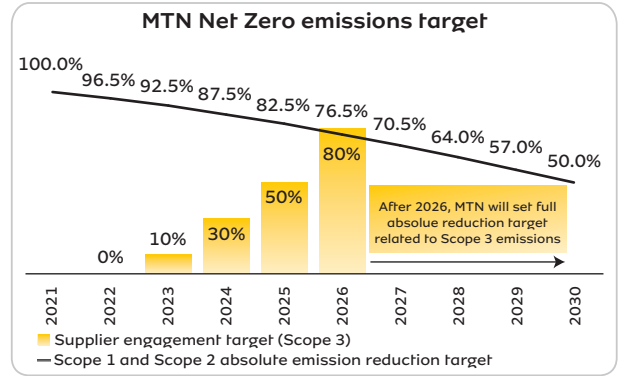
45%
in markets with mature renewable energy (RE) landscape **by 2030**



Focus on RE penetration to the extent possible in other markets

METHODOLOGY FOR TARGET SETTING

We have adopted absolute emission reduction trajectory for the Scope 1 and 2 emissions. However, for Scope 3 emissions, our methodology is two-fold.



NET ZERO TARGET COVERAGE

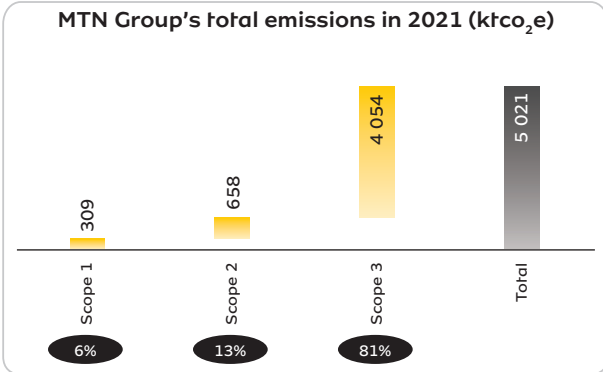
Our Net Zero goal encompasses the markets in which we operate our telecommunication business, as well as our growth platforms providing fintech solutions, digital, enterprise, network and API services.



MTN's Net Zero Philosophy continued

What is the breakdown of MTN Group's emissions?

MTN GROUP'S SCOPE 1, 2 AND 3 EMISSIONS



Our Scope 3 emissions are ~81% of our total emissions in 2021. This is in line with the contribution of such emissions for other telecom players.

CONTRIBUTORS TO MTN'S SCOPE 1, 2 AND 3 EMISSIONS

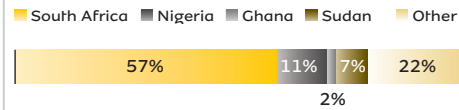
Key contributors to emissions

Scope 1 and 2 emissions	Scope 3 emissions
Scope 1 emissions Fuel combustion in diesel generators Mobile combustion Emissions from refrigerators	Purchased goods/services (including leased towers) Use of capital goods Upstream processing of purchased fuel Transportation/distribution/business travels Waste generated in operations Use/end of life treatment of sold products
Scope 2 emissions Purchased electricity	

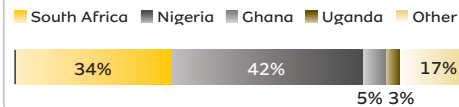
- Our **Scope 1** emissions are largely on account of diesel combustion in generators for electricity followed by fuel requirement in vehicles.
- Our **Scope 2** emissions are driven by purchased electricity from the grid/counterparty across our operational assets.
- Our **Scope 3** emissions are due to the activities of our suppliers and customers. Purchased goods or services from suppliers, including emissions from towers leased to Towercos, are major contributors to our Scope 3 footprint.

MARKET-WISE SPLIT OF MTN GROUP'S EMISSIONS

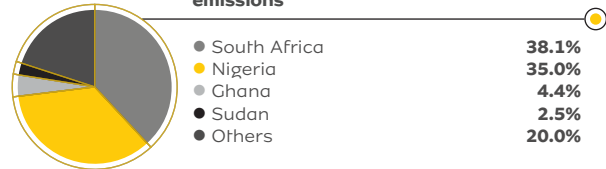
Market-wise split of MTN Group's Scope 1 and 2 emissions



Market-wise split of MTN Group's Scope 3 emissions



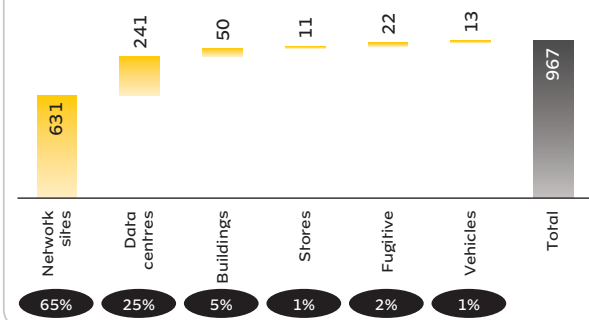
Market-wise split of MTN Group's total emissions



South Africa, Nigeria and Ghana are top contributors to our total emissions, as well as Scope 1 and 2 emissions and Scope 3 emissions on a standalone basis due to the large scale of operations. Sudan has high Scope 1 and 2 emissions on account of ownership of a large number of network sites that are diesel dependent. Uganda, on the other hand, has higher Scope 3 emissions as the majority of its network sites are leased out to Towercos.

ASSET-WISE SPLIT OF MTN GROUP'S SCOPE 1 AND 2 EMISSIONS

Asset-wise breakup of MTN Group's Scope 1 and 2 emissions in 2021 (ktco₂e)



Network sites and Data centres contribute majorly to Scope 1 and 2 emissions in most of the markets in which we operate due to reliance on diesel generators and grid electricity, which is not green for meeting our energy demand. In a few markets in which we operate, network sites do not constitute a significant portion of Scope 1 and 2 emissions because the majority of such sites have been leased out to Towercos and those emissions move to Scope 3. This may reflect in MTN Group's Scope 1 and 2 emissions in cases where ownership structure is adopted for network sites in most of our markets in the future.


MTN's Net Zero Philosophy continued

How is MTN approaching the achievement of Net Zero goals?

Our approach to achieve Net Zero is guided by the following steps:

- 1 **Set ambitions**
- 2 **Measure emissions across all scopes**
- 3 **Identify decarbonisation levers**
- 4 **Develop strategy implementation roadmap**
- 5 **Collaborate with partners, vendors and industry**
- 6 **Activate enablers for organisation-wide transformation**

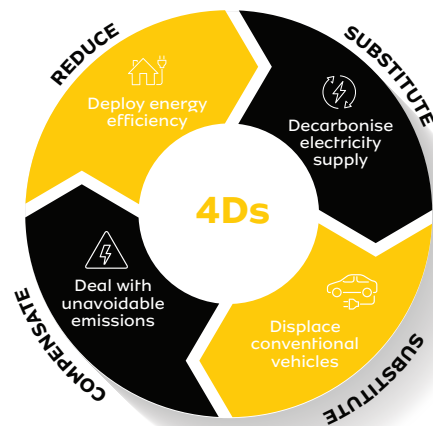
What have we done so far?

1	Set ambitions	Target to achieve Net Zero by 2040
2	Measure	Emissions assessed across Scope 1, 2 and 3 for 2021 for 2022, computations are underway
3	Identify	9+ levers for <i>Reduce</i> ; 4+ levers for <i>Substitute</i> ; 2 levers for <i>Compensate</i> identified
4	Strategise	Net Zero strategy developed for top eight emission contributors 
5	Collaborate	Engaged with 2000+ suppliers to commit to decarbonisation Member of GSMA's Climate Action Taskforce
6	Activate enablers	>ZAR 650m capex earmarked and identified 13 new processes to achieve Net Zero

What is our strategy to achieve Net Zero goals?










STRATEGY TO ACHIEVE NET ZERO IN SCOPE 1 AND 2 EMISSIONS

We have created a definitive action plan including all possible levers that can be activated to accelerate our pathways towards achieving Net Zero in Scope 1 and 2 emissions. Decarbonisation levers under '*Reduce, Substitute and Compensate*' pillars are adopted to mitigate such emissions. Using these pillars, we have developed the strategy and are undertaking critical actions along the following intervention areas in our top eight markets and will also follow it for other markets.



Deploy energy efficiency

The '*Reduce*' pillar focuses on improving the efficiency of systems, thereby reducing the energy demand and subsequently the carbon emissions. The following table represents the indicative list of prominent levers to be adopted across our portfolio.

Measure	Network sites	Data centres	Buildings
 Server virtualisation		✓	
 Server eco-mode		✓	
 Ambient temperature control	✓	✓	✓
 Blanking panels		✓	
 New efficient ACs	✓		✓
 LED lights	✓	✓	✓
 RAN software optimisation	✓		
 Auto-shutdown of radio equipment	✓		
 Hybrid gensets	✓		

MTN's Net Zero Philosophy continued

Key considerations

Condition of equipment

Efficiency of equipment

Asset lifecycle

Availability of alternatives

Deployment of levers will vary across markets based on asset classes and on-ground conditions of the equipment. Also, a key consideration for phasing the initiatives is the asset lifecycle as significant investments have been made in the existing assets. Hence, asset replacements need to be planned, considering factors such as remaining asset life, efficiency, availability of alternatives, etc.

Decarbonise electricity supply

The levers adopted to decarbonise the electricity supply fall under 'Substitute' pillar. These levers help in replacing existing conventional power with greener sources of energy. Since the reduction in energy demand due to 'Reduce' measures is limited, decarbonisation of the electricity supply principally drives emission reduction as the source of power is replaced.

Measure	Network sites	Data centres	Buildings
On-site solar + battery	✓	✓	✓
Off-site solar + battery		✓	✓
Off-site wind + battery		✓	

Key considerations

Technology availability

Regulatory permissibility

Resource availability

Space/land availability

While efforts are being made to maximise the deployment of such measures, constraints also need to be kept in view.

- Technology availability is a critical factor, where renewables resource availability and the presence of existing vendor ecosystem come into play.
- Implementation feasibility would depend upon factors such as availability of space in case of on-site projects or strength/availability of grid for off-site projects.
- Equally, the ability to implement these projects also depends upon government policy and regulatory permissibility in the different markets as electricity is a regulated sector.

We are also constantly evaluating new technologies and innovations around these to identify those that are technically and commercially feasible and have the potential to aid in significant emission reduction.

Displace conventional vehicles

Vehicles form a sizeable part (>10%) of the Scope 1 and 2 emissions in a few of our operating markets.

In these markets, we are keen on implementing the 'Substitute' lever of replacing the conventional vehicles running on petrol/diesel with electric vehicles powered through renewables to decarbonise the vehicular segment.

Key considerations

Ecosystem maturity

Techno-commercial viability

Deploying electric vehicles is contingent on ecosystem maturity, vendor availability and commercial feasibility, which is nascent at this stage. We expect this market and ecosystem to evolve in near future.

Deal with unavoidable emissions

Our priority is to leverage the first three actions to achieve decarbonisation. However, it may not be feasible to reduce a few hard-to-abate emissions. For such emissions, we intend to use 'Compensate' measures to set off residual emissions by procurement of renewable energy certificates and carbon offsets.

We will put in place certain controls, as well as checks and balances in order to identify high-quality relevant projects in case of both renewable energy certificates and carbon offsets. Such procurement will be done at the last mile of our Net Zero journey and not as a major lever for decarbonisation.

We are committed to mitigating at least 90% of our emissions through major decarbonisation levers and intend to leverage carbon offsets or renewable energy certificates only in the worst-case scenario and for less than 10% of our total emissions.

WHAT CAN BE THE IMPEDIMENTS TO THE EXECUTION?

Policy and regulatory landscape

Lack of robust regulations and incentives in few markets

RE ecosystem

Lack of good vendor base and unavailability of business model options in few markets

Economic feasibility and financing options

- High cost of few levers of decarbonisation in few markets
- Limited financing opportunities

We are mindful of such challenges and are striving hard to put enablers in place to overcome the roadblocks to achieve our collective goal of being Net Zero by 2040.

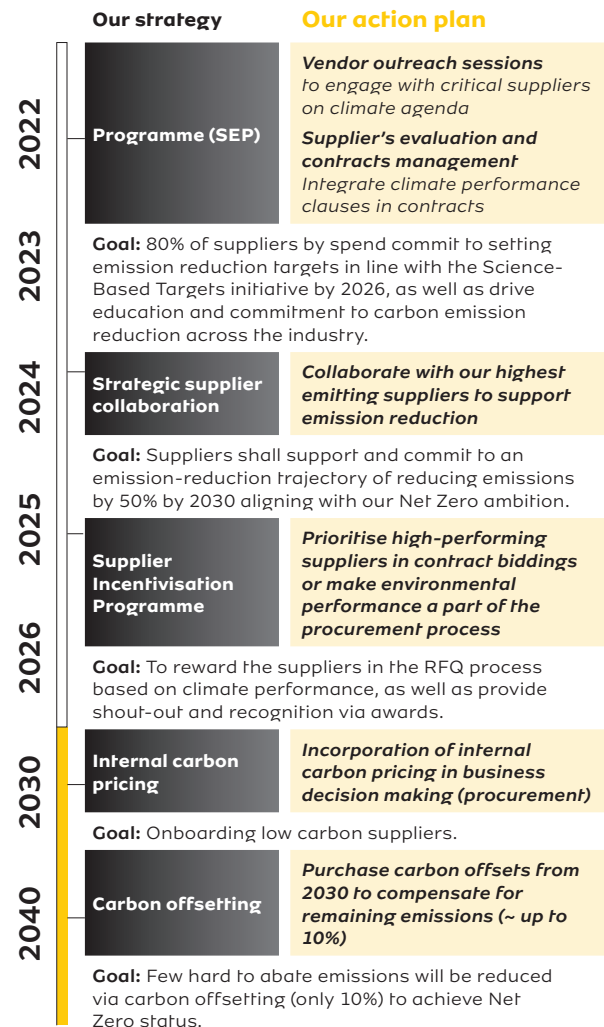
MTN's Net Zero Philosophy continued

WHAT IS OUR STRATEGY TO ACHIEVE NET ZERO IN SCOPE 3 EMISSIONS?

We have formulated a **five-fold plan** till 2040 under which we are actively taking steps to engage, collaborate and incentivise our suppliers to commit to achieving Net Zero in their operations till 2026. By doing so, we are educating our suppliers on the importance of climate action and mitigating climate risk by acting as a leader in nascent markets across the African sub-continent. This will support suppliers in growing their own businesses in a sustainable manner, while benefiting the wider communities in which they operate.

Going forward, we will take into consideration internal carbon pricing in procurement decision making, as well as mitigate hard-to-abate emissions of not more than 10% of our emissions via purchasing carbon offsets.

Undertaking such actions to address our Scope 3 emissions will also contribute towards the development of the Net Zero ambitions of the continent.



How do we enable Net Zero transformation?

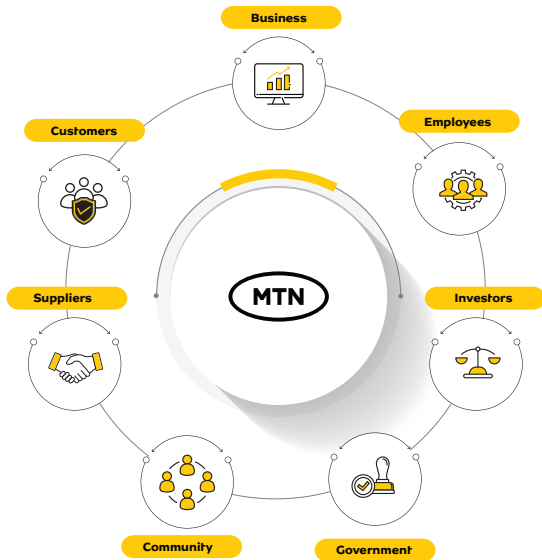
To turn our commitments into reality, a set of strategic enablers are required. We will play our part to ensure that we realise our goals by tapping these enablers.



MTN's Net Zero Philosophy continued

How will we create an impact on our stakeholders?

Through our Net Zero philosophy of *Connecting the world in a sustainable way*, we intend to create a positive impact on all our stakeholders through our Net Zero commitment:



- **Customers:** Driving innovation in the telecommunication space and in other digital and financial services.
- **Suppliers:** Supporting suppliers in decarbonising their own operations for a more widespread impact.
- **Employees:** Working towards providing a safe and healthy environment to employees, while spreading awareness about the importance of addressing climate change at individual and organisational level.
- **Investors:** Providing an opportunity to invest in a sustainable business while enhancing shareholder value.
- **Government:** Supporting governments in achieving broader climate targets and championing green growth and development.
- **Community:** Contributing to a cleaner and greener environment in which the community can thrive.
- **Business:** Imbibing sustainability as a core principle across all of MTN's business practices.

THE ROAD AHEAD

We started this journey in 2021 and understand that there is a long way to go to reach our targets.

- **Adopting energy-efficient devices:** We will focus on switching to more energy-efficient devices in our operations.
- **Focus on RE penetration:** We will ensure that we work to achieve year-on-year emission reduction by increasing RE penetration and adopting other decarbonisation measures in our operations.
- **Collaboration and partnerships:** We will work closely with our partners and try to collaborate with most of them to commit to decarbonising their operations.
- **Integrating green principles:** We will ensure that business is grown in an environmentally sustainable way by building low-carbon and energy-efficient facilities.

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- (2) Africa's electricity shortages have health and economic costs (qz.com)
- (3) INTERVIEW: South Africa to grow more reliant on fuel imports as refinery closures loom: SAPIA|S&P Global Commodity Insights (spglobal.com)
- (4) MTN-Group-FY-21-Integrated-Annual-Report-Interactive.pdf

GLOSSARY

Abbreviation	Meaning
ESG	Environmental, social and governance
GHG	Greenhouse gas
EBITDA	Earning before interest, tax, depreciation and amortisation
RE	Renewable energy
API	Application Programming Interface
GSMA	Global System for Mobile Communications Association
RAN	Radio access network
RFQ	Request for quote

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