

# Welcome to your CDP Climate Change Questionnaire 2023

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

Telkom is a leading information and communications technology (ICT) services provider in South Africa, offering end-to-end ICT solutions, including high-speed fibre, mobile and data services, information technology (IT) services, property management and mast and tower solutions. Our purpose is to seamlessly connect our customers to a better life. Our vision is to lead in the converged ICT market through deep and credible relationships and a distinctive customer experience by leading the provision of converged solutions; providing a quality network with a reach that is unmatched; offering end-to-end digital solutions in the business community; creating innovative and pervasive broadband consumer services; being the wholesale provider of choice; and being the best place to work for committed and accountable people.

Telkom comprises of four productive business units namely: 1) Openserve (a wholesale infrastructure connectivity provider with the largest open-access network across South Africa), 2) Telkom Consumer (a converged communications provider through high-speed broadband), YEP (which forms part of Telkom Consumer), 3) BCX (provides ICT and digital technology solutions), and 4) Gyro (which manages the property portfolio of Telkom that are currently utilised for operations) and Swiftnet (which comprises of masts and towers business and is consolidated in Gyro). Telecommunication companies are classified as having a low impact on the environment. However, we realise the vital role business has in supporting South Africa in limiting emissions and are committed to supporting the country's initiatives. Telkom, as a conscious economic participant, therefore, has a responsibility to understand and reduce its impact across the value chain. We want to grow our business in a sustainable way with the use of renewable energy to power our services and infrastructure.

Telkom reported an operating revenue of R43 138 million, for the Group, for FY2023 increasing 0.9% from FY2022 (R42 756 million). The number of permanent employees in FY2023 (11 624 permanent employees) decreased by 2.3% from FY2022 (11 898 permanent employees).

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

### Reporting year

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**Start date**

April 1, 2022

**End date**

March 31, 2023

**Indicate if you are providing emissions data for past reporting years**

No

## C0.3

**(C0.3) Select the countries/areas in which you operate.**

South Africa

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

ZAR

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	ZAE000044897

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual or committee	Responsibilities for climate-related issues
Director on board	<p>The Board of Directors has responsibility for overseeing risk and compliance (including climate-related topics) across the group. Climate change was a standing topic on the Board agenda in FY2023.</p> <p>The Group Executive Committee, the Risk Committee and the Social and Ethics committee (SEC) monitor and advise the Board on matters related to climate change. The highest level of responsibility for climate change specific matters rests with the SEC (and Risk Committee where applicable). The committee monitors Telkom’s activities in relation to organizational ethics, responsible corporate citizenship, ESG, sustainable development and stakeholder relationships. This is done by considering relevant legislation, prevailing codes of best practice including safety, health and environment (including climate change), and stakeholder demands and requests on ESG disclosure. The Risk Committee and SEC comprises non-executive and executive directors, including the Group CEO.</p> <p>EXAMPLE: In FY21 the SEC and the Risk Committee developed an ESG strategy. The strategy was approved in FY22 by the Board, the Group Executive Committee and the SEC. As part of the strategy, Telkom has committed to achieving a net zero status by 2040. In recognition that climate change has potential operational, reputational and strategic impacts to our business, it was added as a material business theme in FY21 and has remained a material theme in FY22 and FY23. In order for climate change to be added as a material theme, various engagements took place within the Board committee, the Executive Committee and the Group Audit Committee with support from the SEC. The Group Audit Committee provided the final recommendation to the Board to include climate change as a material theme. The SEC facilitated Telkom’s adoption of the Task Force on Climate-Related Financial Disclosures (TCFD) framework in FY21. The SEC will be responsible for monitoring and oversight in relation to TCFD activities, while the Risk Committee will be responsible for monitoring and assessing TCFD-related</p>

	<p>risks.</p> <p>Telkom has an annual Disaster Budget that can be used under extreme circumstances (e.g., a climate-related disaster). The Board can increase the disaster budget if there are extreme events that occur, that the budget does not cover. The Board has final say on how the Budget gets used and if additional funding is required.</p>
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## C1.1b

### (C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Overseeing major capital expenditures</p> <p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Monitoring the implementation of a transition plan</p> <p>Overseeing the setting of corporate targets</p> <p>Monitoring progress towards corporate targets</p> <p>Reviewing and guiding the risk management process</p>	<p>The Social and Ethics committee (an executive committee of the Board) is responsible for climate change matters at Telkom. The committee meets four times a year (quarterly) and sustainability, which includes climate change risks and opportunities, is a standing agenda item. The committee’s responsibilities include:</p> <ul style="list-style-type: none"> <li>- Approving and/or updating the sustainability framework and climate change policy for HSE management, and monitoring implementation thereof;</li> <li>- Reviewing quarterly environmental performance reports which includes trends in energy and water usage which are presented at the quarterly Committee meetings;</li> <li>- Reporting material outcomes/ findings, related to climate change, from the Committee meetings to the Board of Directors;</li> <li>- Considering substantive regulatory and technical developments (for example the carbon tax in South Africa) and responding appropriately; and</li> <li>- Assisting the Board in fulfilling its responsibility by ensuring that key stakeholder relationships are effectively managed.</li> </ul> <p>For example, plans to invest in renewable energy projects and outlay capital, such as our ongoing Solar PV project, would be developed and approved by the Social and Ethics committee. Regarding the implementation of the TCFD Recommendations, in FY2022, we adopted the metrics and targets in the</p>

		disclosures, and plan to have a standalone TCFD report by FY2025. The Social and Ethics committee is responsible for the monitoring and oversight of all TCFD activities. The Risk Committee will be responsible for assessing and monitoring TCFD related risks. Telkom also joined visionary corporate leaders in taking ambitious climate action by setting a net zero target in line with a 1.5°C future, by joining the Science-Based Target initiative (SBTi). This process was set by Gyro with the help of an external service provider in FY2022. The SBTi process is ongoing.
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## C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	We are unable to disclose the criteria used to assess the competence of the board member. We did however appoint a Board member who has competence on climate-related issues in FY23, given that we acknowledge the importance of having a Board with the relevant competence on-climate related matters, especially given our net zero strategy.

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

### Position or committee

Chief Executive Officer (CEO)

### Climate-related responsibilities of this position

Implementing a climate transition plan  
 Assessing climate-related risks and opportunities  
 Managing climate-related risks and opportunities

### Coverage of responsibilities

### Reporting line

Reports to the board directly

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

The highest management-level responsibility for climate change matters in Telkom rests with the Risk Committee (where applicable) and the Social and Ethics Committee.

These Committees monitor Telkom's activities, consider any relevant legislation and prevailing codes of best practice including safety, health and environment, and climate change. Both committees comprise of various non-executives, including the Group CEO. The Risk Committee oversees the governance of risks, including climate-related risks and opportunities, through the Group's Enterprise Risk Management (ERM) framework and its system of internal controls.

Furthermore, our Group governance framework establishes clear roles and responsibilities and enables effective decision-making and strategic compliance. The framework is used to manage climate-related risks.

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**Position or committee**

Other, please specify  
Social and Ethics Committee

**Climate-related responsibilities of this position**

Implementing a climate transition plan  
Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

**Coverage of responsibilities**

**Reporting line**

Reports to the board directly

**Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

**Please explain**

The highest management-level responsibility for climate change matters in Telkom rests with the Risk Committee (where applicable) and the Social and Ethics Committee.

These Committees monitor Telkom's activities, consider any relevant legislation and prevailing codes of best practice including safety, health and environment, and climate change. Both committees comprise of various non-executives and the Group CEO. The Social and Ethics Committee is primarily focused on organizational ethics, responsible

corporate citizenship, ESG, sustainable development and stakeholder relationships. The Risk Committee is responsible for ensuring that Telkom has an effective risk management process that identifies and monitors the management of the Group’s key risks in an integrated and timely manner. It oversees the governance of risks, including climate-related risks and opportunities, through the Group’s ERM framework and its system of internal controls. Climate change is a standing point on the SEC. Climate related issues are reported quarterly to SEC through the ESG agenda item.

The Board, Social and Ethics Committee and Group Exco approved the Group’s ESG Strategy in FY2022. As part of the approved strategy, Telkom committed to becoming carbon neutral by 2035 and achieving a net zero status by 2040. Furthermore, the Social and Ethics Committee facilitated Telkom’s adoption of the TCFD framework and is responsible for monitoring and overseeing TCFD activities. The Risk Committee is responsible for monitoring and assessing TCFD-related risks. The Committee also received training on ESG Strategy and implementation.

### C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	Telkom has incorporated our ESG Strategy metrics into the performance conditions for the FY24 short-term incentive and long-term incentive schemes. The incentive schemes are expected to drive accountability for the ESG-related achievements from the Executive Director and the Group Prescribed Office level.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

#### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	3	None.

Medium-term	3	5	None.
Long-term	5	10	None.

## C2.1b

### (C2.1b) How does your organization define substantive financial or strategic impact on your business?

**DEFINITION:** When identifying or assessing climate-related risks, a 'substantive' financial impact would be regarded as a major or critical financial consequence if there is a decrease in earnings before interest, tax, depreciation and amortisation (EBIDTA). From a strategic perspective, an impact that results in widespread and extensive disruptions to the continuity of service delivery for more than week, or an incident that prevents the achievement of most business objectives within a financial year, would be considered a 'substantive' strategic impact.

'Substantive' financial or strategic impacts can occur on our direct operations (operational impacts), or from poor customer service stemming from acute and chronic weather conditions resulting in customer migration to different network service providers (reputational and strategic impacts).

**INDICATOR:** In the reporting period, the group's EBITDA target was R11 900 million. Hence, an impact would be considered substantive if it resulted in a decrease in the EBITDA target.

## C2.2

### (C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

#### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

#### Risk management process

Integrated into multi-disciplinary company-wide risk management process

#### Frequency of assessment

More than once a year

#### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

#### Description of process



Risks associated with climate change are integrated into Telkom's risk identification and management processes, and assurance processes. The group's risk management approach is based on a board-approved enterprise-wide risk management (ERM) methodology and philosophy to ensure adequate and effective risk management across the group. The objective of the ERM Framework is to ensure that there is a standard approach to managing risks across group and will therefore instil consistency. Regulatory, reputational and physical risks are identified and assessed on an annual basis and are the associated future risks are considered. Our Group Integrated Assurance Framework is used to identify, assess, monitor and report the Group's complex risks and opportunities. As part of our annual material themes determination process, we assimilate a set of material risks and opportunities by reviewing our operating environment, ERM procedures, stakeholder engagement and board and committee discussions. Management's materiality determination process and material themes are approved by exco and the audit committee. Thus, the Board of Directors, through the Risk Committee, take overall ownership of overseeing risk and ensuring compliance across the group. The Executive Committees monitor and advise the Board of Directors on matters related to risk, and compliance to laws and regulations. The Board of Telkom has committed the organisation to a process of enterprise risk management that is aligned to the principles of the King IV Report on Corporate Governance for South Africa, 2017 and the COSO Integrated Enterprise Risk Management Framework of 2013 as well as ISO 31000:2018 Risk management – Guidelines and COBIT. Using these frameworks and standards, the Board is committed to aligning Telkom's risk management to good corporate governance and best practice standards.

Climate change, and acute and chronic weather conditions have remained a material theme in FY2023. To protect our business and the environment, Telkom needs to mitigate and adapt to climate change impacts and use our resources responsibly. Climate-related risks and opportunities are initially managed within the business functions from which they are identified. However, all major climate-related risks have response plans which specify the trigger thresholds (related to the severity of the impact) at which higher levels of management involvement occur. Risks that significantly impact business-as-usual and the execution of Telkom's strategy (i.e., the highest trigger threshold) are managed by our Group Emergency Management Team (GEMT) structure which reports to the Telkom Group exco. The structure's mandate is to ensure continuity of service delivery through infrastructure, buildings, equipment, processes and human capital to guarantee the implementation and effectiveness of defined emergency management procedures.

In the reporting year, we continued to strengthen Telkom's ability to respond to disasters including extreme weather (i.e., effects of storms and floods on the network) as part of our risk and compliance transformation journey towards a risk intelligent group. This included an improvement in Group's risk and compliance culture; an enhanced senior leadership setting of the tone by demonstrating and taking accountability for any matters of governance, risk and compliance; embarking on exploring predictive analysis or a futuristic approach for risk management; and strengthened opportunity management and collaboration across the Group. To date, we have group-wide response plans in

place for climate-related risks.

As a case in point, in April 2022, KwaZulu Natal experienced heavy rainfall events which caused floods that resulted in roads being inaccessible. This resulted in Telkom staff being unable to access sites for repairs due to the damaged road infrastructure. Areas across the province experienced water supply issues and power outages due to the infrastructure damages. In addition, Gyro and Openserve buildings experienced flood damage. During this time, the GEMT received daily updates and all Business Units' response plans were activated. The situation was monitored and processes were provided to employees that were unable to work from home and could not travel to the alternative official work offices. Employees that were able to work from home were encouraged to do so.

Furthermore, climate change transition risks such as the carbon tax are being managed by the Group's compliance department. Phase 1 of the Carbon Tax Act, 15 of 2019 commenced during our FY2020, so an external service provider was engaged to evaluate whether Telkom's operations exceed the electricity and heat production capacity of 10 MW installed thermal capacity (the threshold for carbon tax under fuel combustion activities). The outcomes of this study were shared with the Risk and Social and Ethics Committees. Telkom pays tax on fuels; however, the fuels are taxed at the source so these costs are indirect and impact the company as a 'pass-through' cost. Telkom's installed capacity will continue to be monitored. The compliance department will also continue to monitor the Carbon Tax going forward considering possible future amendments, especially in Phase 2 (2026 onwards) where the regulations are anticipated to become more extensive and austere and therefore expected to have a significant impact on Telkom due to potential broadening of the tax base to include Scope 2 emissions.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	It is imperative for Telkom to be compliant with laws, regulations, rules, standards, policies and guidelines governing our operations as this forms part of our legal license to operate. Phase 1 of the Carbon Tax was introduced in 2019 and is considered a current climate-related regulatory risk. Accordingly, we engaged an external service provider to evaluate whether Telkom's operations exceed the electricity and heat production capacity of 10 MW installed thermal capacity (the threshold for carbon tax under fuel combustion activities). It was identified that the financial liability for carbon tax on liquid fuel (diesel and petrol) has been deducted at source. Therefore, the initial

		assessment concluded that the first phase (2019 to 2025) of the Carbon Tax Act will not significantly impact Telkom. Nevertheless, our installed thermal capacity will be continuously monitored going forward to ensure that the appropriate compliance actions are taken in the instance that the threshold installed capacity is exceeded.
Emerging regulation	Relevant, always included	It is imperative for Telkom to be compliant with laws, regulations, rules, standards, policies and guidelines governing our operations as this forms part of our legal license to operate. For this reason, our Compliance Department continually monitors emerging regulation to avoid incurring penalties and damage to Telkom’s reputation. For example, the Carbon Tax is being implemented in a phased manner. It is anticipated that the tax will become more stringent in Phase 2 (starting in 2026). The requirements of the second phase is dependent on the outcomes of a regulatory review which Treasury will undertake. Telkom will continue monitoring the developments on the Phase 2 carbon tax regulations so that appropriate management actions can be put in place in a timely manner. This is especially important for Carbon Tax as there are allowance opportunities to reduce the financial liability e.g., participating in the national carbon budget. Phase 2 of the Carbon Tax is expected to broaden the tax base by including scope 2 emissions. We therefore expect that Telkom will be significantly impacted as scope 2 emissions comprise 88% of our emission profile. In order to ensure readiness for Phase 2 of Carbon Tax, one of the Telkom Group’s next steps are to develop a carbon response strategy / plan. Telkom’s financial liability can be reduced by increased resource efficiency, specifically through improved building energy consumption.
Technology	Relevant, sometimes included	There are many new technologies in the ICT sector that are both cost-effective and assist companies in reducing their carbon and water footprints. For example, Telkom recognises that our video conferencing solutions are a low carbon product as it assists our customers, as well as our inhouse employees, reduce ground and air travel (scope 3 emissions). However, other technologies assist in managing natural resources, such as water, more efficiently which we do not currently offer our customers. For example, to manage large waterworks operations, innovative smart metering solutions have capabilities for early detection of leaks and can send alerts for maintenance schedules in the water supply chain. There is a risk, however, that we do not offer these technologies to our clients who may start to demand them. This risk has been considered but not fully understood and quantified yet. Telkom, therefore, considers technology both as an opportunity and a risk.
Legal	Relevant, always included	We have identified a risk of non-compliance with the newly updated and legislated carbon tax in South Africa. There are monetary fines attached to non-compliance with the Carbon Tax Act. However, compliance risks are identified early as part of our risk management

		<p>process and action is taken to ensure all legal compliance is met. For example, we engaged an external service provider to evaluate whether Telkom's operations exceed the electricity and heat production capacity of 10 MW installed thermal capacity (the threshold for carbon tax under fuel combustion activities). The initial assessment concluded that the first phase (2019 to 2025) of the Carbon Tax Act will not significantly impact Telkom. Our installed thermal capacity will be continuously monitored going forward to ensure that the appropriate compliance actions are taken and one of our next steps is to develop Telkom Group's carbon response strategy / plan to ensure readiness with Phase 2 of the Carbon Tax Act.</p>
Market	Relevant, sometimes included	<p>We have identified that digital technology, including wearable devices, has the potential to contribute significantly to addressing the challenges posed by climate change. Telkom recognizes the importance of sustainable solutions in various industries, including healthcare. By leveraging digital innovation, Telkom aims to transform healthcare systems into more sustainable ones, ultimately contributing to climate action. Telkom's initiatives align with climate change concerns through the use of wearable devices for personal health monitoring. These devices, equipped with sophisticated software and apps, empower individuals to take charge of their health. By promoting preventive care and early disease detection, Telkom's investment in wearable technology helps in reducing the environmental impact associated with traditional healthcare practices. There has been a substantial increase in the adoption of consumer health and wellness wearable devices worldwide. This trend is expected to continue, with an estimated demand of nearly 440 million units by 2024. South Africa, with its growing adoption levels and increasing affordability of wearable technology, presents a significant market opportunity. Telkom's consumer strategy, focused on data leadership and enriching digital lifestyles through innovation, positions the company well to cater to this growing demand and contribute to the local market's leadership in smartwatch technology. To emphasize its commitment to sustainable healthcare solutions, Telkom has invested in the African health technology start-up, Khoi Tech (Pty) Ltd. As a benefactor of FutureMakers, Khoi Tech specializes in consumer electronics and related software services. Their flagship product, a smartwatch with innovative health and sports features, integrates modern technologies to enhance overall wellness management. Telkom's investment in Khoi Tech supports local innovation and strengthens the company's position in capturing the growing demand for sustainable health technology solutions.</p> <p>By leveraging digital technology, Telkom aims to transform healthcare systems into sustainable ones, improve access to healthcare services,</p>

		<p>and empower individuals to manage their well-being effectively. Through their initiatives in wearable technology and investments in health technology start-ups like Khoi Tech, Telkom is actively contributing to addressing climate change concerns while fostering innovation and market leadership in the healthcare sector.</p>
Reputation	Relevant, always included	<p>Climate change is one of Telkom's top material themes due the potential impact on various parts of our business, including our reputation. The physical impacts of climate change can damage our masts, operations and telecommunications infrastructure which would lead to poor customer service and consequential reputational impacts. In addition, the transition impacts of climate change have led to an increase in scrutiny from investors, customers and value chain partners on our ESG and climate-change activities. It is important for Telkom to be considered as a good corporate citizen and have a positive brand positioning to ensure the long-term financial sustainability of the business and secure access to opportunities. For this reason, reputational considerations are always included in our assessments.</p> <p>In response to this identified risk, Telkom developed a comprehensive and measurable ESG strategy that is being implemented and integrated throughout the group. We have identified that an opportunity exists for Telkom to execute the ESG strategy to contribute to the sustainability agenda, including global climate change commitments and goals. Further, Telkom has committed to net zero emissions by 2040.</p>
Acute physical	Relevant, always included	<p>Until recent years, extreme weather events have always negatively impacted our means to do business, but the impacts have been manageable. However, with increasing intensity and frequency of extreme weather events (e.g., Western Cape and Eastern Cape droughts, and heavy rainfall in KZN) we have identified the physical risk to our network from extreme unpredictable weather events which have had knock-on implications in increasing our operating costs stemming from repairs to network faults and negatively impacting our customer service turn-around time. We have also identified that these extreme events could compromise the safety of our field technicians. In previous reporting years, heavy rainfall and tornadoes experienced in KwaZulu-Natal (KZN) impacted our service delivery in Telkom's eastern and central regions over the period April to December 2019. In April 2022, heavy rainfall was experienced in KZN again, and resulted in roads being inaccessible thus causing delays in Telkom's response times; power and water supply issues; and damages to some site infrastructure.</p>

Chronic physical	Relevant, always included	Climate variability and climate change have the potential to threaten the infrastructure, integrity and productivity of our business, which in turn will increase the number and severity of disruptions. Climate-induced changes such as shifting rainfall patterns and increasing temperatures (resulting in heat stress) are considered in our risk identification process. For example, network backlogs during the winter rainy season in Cape Town are anticipated and planned for. Telkom relocates staff from the unaffected regions to the affected regions during the rainy winter period to service the network from faults due to prolonged periods of rainfall, and to assist with the increased workload. If the affected regions are still unable to cope, Service Provider resources and Openserve technicians are allocated from other unaffected regions to assist with the workload. The additional support staff are paid relocation stipends for the inconvenience of working away from their homes. These additional costs are already built into the backlog plans operational expenditure.
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## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

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#### Identifier

Risk 1

#### Where in the value chain does the risk driver occur?

Direct operations

#### Risk type & Primary climate-related risk driver

Current regulation  
Carbon pricing mechanisms

#### Primary potential financial impact

Increased direct costs

#### Company-specific description

South African Parliament has enacted the Carbon Tax Act No.15 of 2019 with an effective date of 1 June 2019 to meet its 2015 Paris Climate Agreement commitments and to reduce greenhouse gas emissions in line with the National Climate Change Response Policy and National Development Plan. The tax covers emissions from

stationary combustion of fossil fuels (e.g., diesel generators, boilers); fugitive emissions (e.g., emissions due to refrigerant leakage); and emissions from industrial processes. The carbon tax rate for 2022 was R144 per tonne of CO<sub>2</sub>e and increases annually. There are several tax-free allowances that are available which reduces the headline tax rate.

The carbon tax is being implemented in a phased manner with the first phase taking place from 2019-2025 and covering Scope 1 emissions from facilities exceeding an installed capacity of 10MW thermal capacity. Telkom is not currently subject to carbon tax. Telkom's emission sources include fleet fuel combustion, stationary generator fuel combustion and fugitive refrigerant leakage. The tax on fuels are taxed at the source so these costs are indirect and impact the company as a 'pass-through' cost. In the second phase (from 2026) several changes are expected (such as removal or decrease of allowances, revision of the carbon tax rate, etc.) to increase the stringency of the requirements. National Treasury will also be reviewing the interaction between the carbon tax and the electricity generation levy at the beginning of the second phase to determine whether any carbon tax will be applied to fossil-fuel based grid electricity consumption as well. Telkom is largely dependent on the national electricity utility, Eskom, as a major source of electricity. During Phase 1 of the carbon tax, Eskom's generation activities were not subject to additional carbon pricing. However, in Phase 2 it is anticipated that rebate mechanisms applicable to Eskom will fall away, resulting in passthrough tax costs incurred by Eskom's customers, including Telkom. Grid electricity consumption currently comprises over 80% of our emission profile, hence there is a significant financial risk associated with the potential Scope 2 carbon tax liability from Phase 2 onwards.

**Time horizon**

Short-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

105,280,000

**Potential financial impact figure – maximum (currency)**

284,200,000

**Explanation of financial impact figure**

In 2022 the carbon tax rate was R144/tCO<sub>2</sub>e. The carbon tax rate is expected to increase annually, with an intention to achieve a carbon tax rate of approximately R300/tCO<sub>2</sub>e by the year 2026. From 2026 onward, during Phase 2 of the carbon pricing mechanism in South Africa, the carbon tax rate is intended to increase more rapidly, whereby in 2030 it is anticipated that the carbon tax rate will be approximately R450/tCO<sub>2</sub>e. During Phase 1, tax-free allowances can be applied to a maximum total allowance of 95% while the basic applicable threshold is 60%. Going forward, the basic tax-free allowance (60%) is expected to reduce and it is expected that the total maximum allowance may also reduce. Telkom is liable for carbon tax on diesel and petrol consumed by the fleet and stationary emissions due to fuel combustion in standby generators. However, the financial liability has been deducted at source. Assuming that the basic tax-free allowance reduces to 50% in 2026, the indirect carbon tax paid in the carbon fuel levy is estimated to be R9 860 000. Further, assuming the Eskom allowance reduces to 50% in 2026, the indirect carbon tax passed through by the national utility is estimated to be R95 420 000. This results in Telkom's total indirect carbon tax liability to be estimated at R105 million in 2026.

In 2030, alongside the increase in the carbon tax rate, it is anticipated that the basic allowance will reduce to 10% and the assumed Eskom allowance will reduce to 10%. As such, making use of Telkom Scope 1 and 2 emissions in FY23, it is estimated that our indirect carbon tax paid in carbon fuel levy will be R26 600 000 and our indirect carbon tax passed through by Eskom will be R257 600 000. We therefore estimate that in 2030, Telkom's total indirect carbon tax liability will be R284.2 million.

Thus, the minimum combined cost of the carbon tax on Telkom for 2026 is estimated to be R105 280 000 and the maximum combined cost of the carbon tax for 2030 is estimated to be R284 200 000.

### **Cost of response to risk**

130,600,000

### **Description of response and explanation of cost calculation**

An external service provider were appointed to develop a net zero strategy to guide us to net zero by 2040, and in the previous reporting period, Telkom developed an ESG Strategy. Our Strategy proposes the use of 100% renewable energy by 2035 alongside a reduction of our energy consumption. Thus, our risk associated with Phase 2 of the South African Carbon Tax will reduce significantly. The cost of response to the risk has been calculated by estimating the amount spent to develop the energy efficiency portion of the ESG Strategy. The benefit of the development of the ESG Strategy will be seen prominently during Phase 2. Phase 2 is expected to have a significant impact due to the potential broadening of the tax base to include Scope 2 emissions (the biggest component of Telkom's current emissions) and the reduction of the tax-free allowances. We recognise the need to use the Phase 1 window to adopt an effective long-term carbon tax response strategy that responds to the current exposure levels and prepares the organisation deal with the harsher impacts of Carbon Tax anticipated from the second phase onwards. To further reduce our Scope 2 emissions, Telkom will increase focus on solar PV installations.



Telkom has constructed a Solar PV Plant at Telkom Head Office (the cost of installation and repairs was R88.4 million and R3.3 million, respectively) and a solar PV Park in Belville (the cost of installation was R1.9 million), both are operational. An additional 1 MW solar PV plant to the existing 3 MW plant at Telkom Park in Centurion is under construction (the cost of installation was R18.5 million). The operational date of the solar PV plant was postponed to FY24, due to a delay in approval. The total estimated cost for the three Solar PV Plants is R112.1 million. The increased renewable energy will reduce our carbon liability in Phase 2 by reducing reliance on the national electricity grid.

Telkom has also implemented LED lighting at many sites. The estimated cost of implementing LED lighting is R18.5 million. These initiatives will continue to reduce our Scope 2 emissions and our potential pass-through carbon tax liability in Phase 2. Telkom aims to implement ongoing energy-efficiency initiatives to reduce the carbon footprint in FY24.

The total cost of response is therefore R130.6 million (R112.1 million + R18.5 million).

#### **Comment**

None.

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#### **Identifier**

Risk 2

#### **Where in the value chain does the risk driver occur?**

Direct operations

#### **Risk type & Primary climate-related risk driver**

Acute physical

Heavy precipitation (rain, hail, snow/ice)

#### **Primary potential financial impact**

Increased indirect (operating) costs

#### **Company-specific description**

Extreme weather events have always negatively impacted our means to do business, but the impacts have only recently become material. Over the past few years, the intensity and frequency of extreme weather events have increased significantly. As such, we have identified the acute physical risk to our network from extreme unpredictable weather events which negatively impacts one of our five group strategic pillars of developing operational superiority to provide a competitive advantage. More specifically, acute physical climate risks have the potential to damage our infrastructure and increase network faults and repair requirements. This increases our operating costs and negatively impacts service delivery and customer experience. The latter is a top-five business risk/material theme.

In April 2022, KwaZulu Natal (KZN) experienced heavy rainfall events which resulted in floods and landslide events. Openserve equipment buildings and infrastructure were damaged due to the floods and water seeped into the equipment rooms causing power outages. The landslides caused damage to the properties and boundary walls, and transport routes were damaged resulting in operational teams being delayed in reaching sites to repair and restore equipment. KZN also experienced fuel shortages and water shortages, which negatively impacted staff. The heavy rainfall events also resulted in the need for load shedding, resulting in Telkom relying on our diesel generators.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

13,600,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The KwaZulu Natal flood events in April 2022 caused damage to infrastructure and vehicles, and required the need for service restoration; the need for additional standby power and additional diesel usage; increased security; and additional costs related to the mobile network. The combined costs associated with the 2022 KZN floods were approximately R13.6 million.

**Cost of response to risk**

2,000,000

**Description of response and explanation of cost calculation**

In response to the increase in severity of acute physical climate-risk in the past few years, Telkom engages on a quarterly basis with the National Disaster Management Centre (NDMC) of South Africa through the National Disaster Management Advisory Forum (NDMAF) to obtain insight on anticipated climate and weather trends throughout the country, as well as potential disaster scenarios. The NDMC forms a key partner for identifying, monitoring and responding to climate-related events that impede business-

as-usual processes and the execution of Telkom's strategy. We also receive alerts during periods of high-risk or in the event that significant climate-related event has materialised. During these engagements, our risk management team receives updates from the South African Weather Service, overviews of the seasonal national risk profile, quarterly grid electricity forecasts and the national water status.

In the instance that alerts show there is potential for key infrastructure or systems to be interrupted or damaged, the relevant business units are placed on readiness alert. Once a 'disaster' is triggered, the applicable Business Continuity Plans are actioned. These plans have trigger thresholds in place which activate specific response levels in relation to the extent and severity of the 'disaster', and also define the extent of management and governance involvement. As part of the response activities for each level, pre-planning for the next level is undertaken in the event that the 'disaster' escalates. This ensures that when a 'disaster' increases in severity, the systems are in place to carry out the next level response activities. In the higher trigger thresholds, group-level intervention is actioned which includes the Telkom Group Emergency Management Team. To date, we have the following group-level climate-related response plans: Drought and Water-shedding, Adverse Weather Conditions, Tornadoes and Cyclones, Fire, and Flooding Plans; as well as an Earthquake Framework. Telkom has a Disaster Fund budget that can be used in emergency situations, these emergency situations however, are not specific to climate-related events. The Board can make the decision to expand the budget, if necessary, given the extent and number of emergency events experienced within the reporting period. In the case of a disaster, emergency finance of more than R2 million can be accessed from the Disaster Fund.

### **Comment**

None.

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### **Identifier**

Risk 3

### **Where in the value chain does the risk driver occur?**

Direct operations

### **Risk type & Primary climate-related risk driver**

Reputation

Increased stakeholder concern or negative stakeholder feedback

### **Primary potential financial impact**

Decreased access to capital

### **Company-specific description**

Telkom has identified that ESG practices and disclosures are becoming increasingly important to investors. In the reporting year, we noted that there has been an increased focus on ESG matters due to the heightened importance of sustainability matters and an increase in climate change awareness. We identified that the increased scrutiny on ESG matters might impact Telkom's financial sustainability and reputation and create

limitations in accessing opportunities. Our Remuneration Committee has also noted the increasing pressure to include ESG targets in both the short-term incentives and long-term incentives, aligned with international trends. As such, we recognized that Telkom needed a holistic strategy to formalize our approach to each aspect of ESG. Telkom has noted that there has been a significant increase in demand from investors for improved climate-related financial disclosures. Investors are impacted by how well companies they invest in manage climate-related risks and opportunities and therefore investors will benefit by Telkom enhancing our ESG disclosures. In previous reporting years, there were two investor requests to the Telkom Board to introduce the TCFD Framework and adopt science-based emissions targets.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

505,000,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We are unable to accurately calculate the financial impact of how increased stakeholder concern and pressure may impact Telkom; however, we are able to estimate a figure based on publicly available knowledge. Telkom's issued share capital at FY23 year end was valued at R5 050 million. If shareholder sentiment towards Telkom shifts by 1% due to Telkom not meeting investor expectations on ESG, climate change and emission commitments, we are at risk of losing approximately R505 million in share capital value.

**Cost of response to risk**

401,000

**Description of response and explanation of cost calculation**

In order to address our stakeholders' growing concerns, Telkom developed an ESG Strategy which includes defined roles and responsibilities and details the way in which Telkom aims to achieve our 2035 and 2040 net zero targets. In October 2021, Telkom embarked on the process of formalising the ESG Strategy and in March 2022, the Board approved the first ESG strategy and implementation roadmap. The ESG Strategy

provides key emissions reduction targets and associated timelines, which has been made publicly available in our Integrated Report 2023. The ESG Strategy is practical, measurable and implementable. It includes and builds on current initiatives (e.g., energy and water initiatives), and is aligned to the SDGs that Telkom can impact and influence. Telkom aims to integrate ESG risks into the ERM framework and implement the Group ESG Strategy with defined roles and responsibilities.

The cost of responding to this risk can be quantified based the cost of development of the ESG Strategy as well as the approximate amount spent on the SBTi validation process (\$9 500, which converts to R177 383). Thus, the final cost of response is R250 000 + R177 383 = R401 000.

**Comment**

None.

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

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**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Shift toward decentralized energy generation

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Telkom closely measures, monitors and manages the group's carbon emissions as we have identified energy efficiency as a primary contributor to reducing operational costs and to mitigate the impacts of climate change. To minimise the increases in energy use and associated carbon emissions, we identified an opportunity to install solar photovoltaic plants at high energy consuming sites. The benefits identified from this opportunity include:

- Reducing Telkom's electricity consumption and demand and the associated electricity costs, thereby having a positive influence on Telkom's goals to reduce its buildings' operating costs as well as the buildings' total life cycle costs;
- Reducing Telkom's carbon footprint and the environmental damage attributable to its operations and foster a more positive public image for Telkom;
- Future-proofing against financial risk and regulatory compliance risk due to carbon taxes, tightening legislation and regulatory compliance requirements;
- Accessing potential carbon tax offset allowances to reduce our future liability;
- Building in resilience to future impacts from climate change by ensuring the security of supply; and
- Embracing the national drive to conserve energy and reduce the strain on the national electricity grid.

A 3 MWp Solar Photovoltaic (PV) Farm was commissioned at Telkom Park Head Office in 2016. The primary objective of the solar PV Farm was to offset part of the conventional electricity supply from the 11 kV Tshwane municipality supply. The Solar PV Farm at Head Office was offline for a period during the reporting period for maintenance purposes. The maintenance has extended the life of the system and is expected to be operational for between 15 to 25 years. Our Telkom's property portfolio business unit identified two additional sites that would benefit from solar installations: An additional 1 MW solar PV plant to the existing 3MW plant at Telkom Park in Centurion and a 168 kWp Belville solar PV plant. The 1MW Centurion Solar PV Project is currently under construction and the Belville Project is operational.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

35,554,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Since the commissioning of the 3 MWp solar plant at Telkom Park, the energy savings realised have amounted to R35.2 million (from 22.8 GWh generated to date). In addition, the renewable energy generated by the Belville solar PV plant to date is

approximately 230 000 kWh, which translates to an estimated cost saving of R354 000.

The total combined potential financial impact from the two solar projects is therefore R35 554 000 (R35 200 000 + R354 000).

### **Cost to realize opportunity**

112,100,000

### **Strategy to realize opportunity and explanation of cost calculation**

We plan to increase our positive impact by leveraging our facilities management business unit Gyro, and its upgrades to infrastructure, to increase resource-use efficiency and adopting clean and environmentally sound technologies. Currently, we have constructed a 3 MWp Solar PV Energy Farm at Telkom Park and the Belville Solar PV plant to reduce our electricity usage from the national grid which will also assist in lowering any future carbon tax implications from indirect emission sources. Further, the three solar PV plants have the following associated costs:

- The cost of installation of the Telkom Head Office solar park was R88.4 million.
- The cost of repairs of Telkom Head Office solar park was R3.3 million.
- The cost of installation of the Belville solar PV plant was R1.9 million.
- The cost of installation of the 1 MW solar PV plant was R18.5 million.

The combined estimated costs for the three Solar PV Plants total to R112.1 million.

### **Comment**

None.

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### **Identifier**

Opp2

### **Where in the value chain does the opportunity occur?**

Direct operations

### **Opportunity type**

Resource efficiency

### **Primary climate-related opportunity driver**

Move to more efficient buildings

### **Primary potential financial impact**

Reduced indirect (operating) costs

### **Company-specific description**

We have identified an opportunity to roll out energy-efficient measures and technologies across our operations to reduce our carbon footprint and realise cost reductions through increased operational energy efficiencies. Telkom's key source of electricity is municipal (more than 80%), diesel for back-up generators and solar photovoltaic (PV). In order to realise this opportunity, an energy expert was appointed to conduct site surveys at

selected Telkom office buildings, retail sites, data centres and access network sites. The key areas identified for improved energy savings and sustainability were tariff and power factor optimisation, heat ventilation and air conditioning efficiencies, load optimisation and the continuation of solar PV project rollouts. We have also identified the potential of LED lighting, electrical smart metering project, motion sensors and day-night switches. Smart electricity meters have been installed at 77 sites in FY23, and in previous years 274 smart electricity meters were installed. An additional 300 smart meters will be installed in the next reporting period. Replacing inefficiency lighting with LED lighting was completed for Telkom Park, Belville and 60 of our exchanges.

BCX has implemented various energy management initiatives, which includes the installation of smart electricity meters; the installation of occupancy sensors to control lights in the meeting rooms and passages; implementing lighting control automation in the canteen to ensure that lights do not operate consistently but rather only when necessary; LED lighting; motion sensors at the BCX headquarters; and the use of occupancy sensing for Air Handling Units in the BCX building. BCX implemented more efficient power systems which has resulted in the BCX building being more efficient when compared to a conventional building.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

5,759,000

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Telkom's lighting and sensors initiative across 60 sites, Telkom Office Park and Belville Office Park, has resulted in an energy savings of 2 600 000 kWh, which translates to R4 million saved, in FY23. The LED lighting initiative undertaken by BCX resulted in an energy saving of 174 000 kWh (which resulted in a R268 000 financial saving). The power optimisation project has achieved a saving of R877 000. The total financial savings associated with the BCX initiatives (excluding the LED lighting initiative) is estimated at R614 000.



The electricity smart metering project data will be used to analyse energy consumption patterns and identify energy efficiency and saving opportunities, therefore the initiative will result in indirect financial savings.

The total energy savings is therefore R5 759 000.

### **Cost to realize opportunity**

27,500,000

### **Strategy to realize opportunity and explanation of cost calculation**

We have identified various energy efficiencies initiatives towards achieving this opportunity that we started implementing throughout our operations in the past two years:

- Ongoing installation of more efficient LED lighting to replace inefficient lighting at an investment cost of R18.5 million.
- Installation of smart electricity meters in the pursuit of an online energy management system for real-time energy consumption monitoring. Over 350 smart meters have been installed and an additional 300 smart meters are expected to be installed in Phase 3 of this initiative. The approximate cost of installation amounts to R4.3 million.
- Power factor correction installation at high-consuming sites nation-wide to stabilize energy demand. The implementation cost totaled R3.3 million.
- Installation of motion sensors and day-night switches.

The cost of implementation of the BCX initiatives are:

- Installation of smart electricity meters cost R45 000.
- Installation of occupancy sensors cost R230 000.
- Implementing lighting control automation cost R88 000
- The use of occupancy sensing for Air Handling Units in the BCX building cost R250 000
- The installation of the LED lighting cost R870 000.

The total BCX-related costs associated with increasing the energy efficiency is therefore R1.4 million.

The total cost of these initiatives is R27 500 000 (R18.5 million + R4.3 million+ R3.3 million + R1.4 million).

### **Comment**

None.

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### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Reduced water usage and consumption

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Our key source of water is municipal supply. The impact of disrupted water supplies has direct and indirect operational impacts. Employees would be impacted in their private capacity with the need to obtain water for consumption while water-based cooling equipment would fail, causing damage to IT infrastructure. We have identified an opportunity to improve the water efficiency of our operations to reduce our reliance on municipal water supplies and reduce our vulnerability to water shortages. Initiatives include the installation of low-flow regulator taps and water smart meters to enable online real-time water consumption monitoring for conservative water management. Site surveys were conducted at selected Telkom office buildings, retail sites, data centres and access network sites which had high energy and water consumption in FY20. Technologies were recommended to harvest, recycle and reticulate treated water for use in buildings. We investigated the following solutions: wastewater recycling plant; reticulation of buildings' plumbing pipework to supply product water for toilet flushing; stormwater and heat, ventilation and air conditioning harvesting system; and air to drinking water solution. In FY23, a water audit was completed in the Eastern Cape at 55 Telkom sites, for which the following proposals were recommended: implementing additional water storage; investigating alternative water supply solutions (borehole water and rainwater harvesting); and implementing low-flow regulators, dual flush toilets, and leak detectors to improve water efficiency. Telkom investigated the harvesting, recycling and reticulating of water. The proposed method will capture surface run-off water from the roofs of the Telkom Park buildings which ends up in stormwater drains. The system will consist of water treatment plant and 65 000 L post treatment storage units. The project is at procurement stage sourcing. BCX has implemented dual flush toilets; installed low-flow showerheads; moisture sensors for the irrigation system and low flow taps. The water usage is also monitored and controlled by the building manager through the water meters which are connected to the computer-based control system. BCX is also investigating the use of rain tanks.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1,888,600

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Based on the audit completed in the Eastern Cape sites, the implementation of the recommended initiatives can result in the following savings:

- The use of boreholes at three sites is expected to result in a 21 000 kl saving annually.
- Rainwater harvesting at five sites can result in a 2 300 kl saving per year.
- Increasing water storage by 15 tanks can result in a total 155 kl/year saving.
- Implementing 37 low flow regulators, resulting in a total of 547 kl/year saving potential.
- Implementing 34 dual flush toilets with a total of 827 kl/year saving potential.
- Implementing two leak detectors with a total of 3 932 kl/year saving potential.

The above initiatives were proposed to ensure security; however the potential water and cost savings is an added benefit. In total, the potential water savings identified during the audit is estimated at 28 715 kl/year. This translates to saving of R956 200 annually.

The potential cost saving from Telkom Park's water saving initiatives including the capturing of stormwater and the water treatment plant water is estimated at R932 400 (based on a water saving of 28 000 kl).

The total financial impact figure is therefore R1 888 600 (= R956 200 + R932 400).

**Cost to realize opportunity**

12,057,000

**Strategy to realize opportunity and explanation of cost calculation**

The costs for the water storage and alternative supply solutions (boreholes, rainwater harvesting and storage tanks) proposed in the audit for the Eastern Cape sites is estimated at R6.4 million. The cost of the proposed water efficiency improvement solutions (low flow regulator, dual flush toilets and leak detectors) will cost an estimated amount of R617 000. Furthermore, in FY23 we installed water smart meters at over 50 sites across the portfolio at a cost R2.1 million, to collect water consumption data as a baseline for further water efficiency and conservation initiatives and to enable proactive, conservative water management on a real-time basis. BCX submitted the quotes for rain tanks; however, the rain tanks have not been approved as yet. The approximate price of the installation of the rain tanks is R60 000. Finally, the total cost for the initiatives at Telkom Park is R2 880 000.

Thus, the total combined cost of the initiatives is R12 057 000 (=R6 400 000 + R617 000 + R2 100 000 + R60 000 + R2 880 000).

**Comment**

None.

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?**

Row 1

**Climate transition plan**

Yes, we have a climate transition plan which aligns with a 1.5°C world

**Publicly available climate transition plan**

No

**Mechanism by which feedback is collected from shareholders on your climate transition plan**

We have a different feedback mechanism in place

**Description of feedback mechanism**

During FY23, Telkom had an ESG roadshow where we presented our net-zero strategy (i.e., the transition plan). During the roadshow, we received feedback from shareholders and investors. Furthermore, chairman roadshows are held annually where we receive comments from our shareholders on the ESG strategy.

**Frequency of feedback collection**

Annually

**Attach any relevant documents which detail your climate transition plan (optional)**

### C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	No, but we anticipate using	Important but not an immediate priority	Telkom has not developed a climate-related scenario analysis due to the fact that our

	<p>qualitative and/or quantitative analysis in the next two years</p>		<p>operations have not been materially impacted by climate change in previous reporting years. Given the recent extreme weather events faced in South Africa, coupled with the increased investor pressure for Telkom to address climate-related issues, Telkom is planning to use climate-related scenario analysis to inform our strategy in the next reporting year.</p>
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### C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	<p>Have climate-related risks and opportunities influenced your strategy in this area?</p>	<p>Description of influence</p>
<p>Products and services</p>	<p>Yes</p>	<p>Telkom’s purpose is to seamlessly connect our customers to a better life; thus, customer experience is a core strategic objective. Climate change-induced changes such as changing rainfall patterns and increasing temperatures (resulting in heat stress) are considered in our risk identification process as these negatively affect our service delivery capabilities and customer experience. At present, the effect of climate-related risks and opportunities on our products and services are considered in the short-term (although scenario analysis is planned for FY2024 which may extend consideration into the medium- and long-term). The most prominent example of the climate-related influence on our products and services is our response to network backlogs created during the winter rainy season in the Western Cape. This response has been put in place to adapt to the heavy rainfall events experienced across the province. Telkom relocates staff from the unaffected regions to the affected regions during the rainy winter period to service the network from faults due to prolonged periods of rainfall, and to assist with the higher workload. If the affected regions are still unable to cope, Service Provider resources and Openserve technicians are allocated from other unaffected regions to assist with the workload. The additional support staff are paid relocation stipends for the inconvenience of working away from their homes. These</p>

		additional costs are already built into the backlog plans operational expenditure.
Supply chain and/or value chain	Yes	<p>Although Telkom is not a material water user, we recognise the scarcity of this resource and the risks associated with water shortages particularly on our water-cooled IT equipment and employees. The group uses water primarily for cooling, drinking, catering, hygiene, and landscaping and our key source of water is municipal supply. Telkom has a national footprint and as such, the entire group is vulnerable to water supply disruptions. Our response to this risk is two pronged: supplier engagement and reduction of dependence on the supplier.</p> <p>As an example of supplier engagement, Telkom assisted the Western Cape Government during the severe Western Cape drought in 2018 by contributing to a basic business continuity plan guideline document to ensure economic security during times of drought. This formed part of their disaster management efforts. The document provided guidance on developing and implementing the following:</p> <ul style="list-style-type: none"> <li>• An operational water plan which supports improved water use practices under water rationing circumstances; and</li> <li>• A business continuity plan to help ensure that businesses can continue during and after water outages (for short or longer periods) that will likely disrupt normal business operations.</li> </ul> <p>Operationally, we are looking to reduce our dependence on water suppliers by improving site water efficiency. An external resource expert conducted site surveys at selected Telkom office buildings, retail sites, data centres and access network sites which had high water consumption in FY2020. Further, during the reporting period, there was a “Day Zero Audit” that took place at 55 sites in the Eastern Cape. During the audit, the following recommendations were made for further investigation: the use of boreholes at three sites; rainwater harvesting and the use of storage tanks. Furthermore, energy efficiency improvements were recommended for consideration.</p> <p>These initiatives also form part of one of our key financial objectives of cost management.</p>
Investment in R&D	No	Telkom’s current research and development efforts are guided by its digital strategy framework and operating model, both of which were developed to usher Telkom into the digital era. To date, climate-related risks and opportunities have not had a material impact on our current business model and consequently, they do not influence our

		<p>IT research and development efforts at present. Nevertheless, extreme weather conditions (particularly acute events) have been identified as a top material issue in the reporting year. As the likelihood and magnitude of these and other climate-related risks and opportunities increases, it is likely that our strategy in terms of R&amp;D development will be influenced in the medium to long term.</p>
Operations	Yes	<p>Sustainable cost management is a key strategic objective at Telkom. One of the mechanisms for achieving this is enhancing operational efficiencies through energy efficiency initiatives, among others. To achieve this objective, we have appointed an energy expert to develop and implement an energy management strategy and invested (and continue to invest) in various energy efficiency projects. Smart electricity meters have been installed at 77 sites in FY23, and in previous years 274 smart electricity meters were installed. An additional 300 smart meters will be installed in the next reporting period. The power factor correction project, using harmonic filtering and voltage dip mitigation, is completed and benefits are being tracked.</p> <p>We also conducted a gap analysis of the implementation of an energy management system at Telkom Park, in pursuit of achieving ISO 50001 energy certification. We have also replaced inefficient lighting with LED lighting at Telkom Park, Belville, BCX head office and additional sites. Finally, we have two solar PV plants in operation, with a third under construction.</p> <p>These energy saving activities are further supported by a new material issue related to power outages and load shedding. Load shedding has continued to threaten our ability to provide uninterrupted services to our customers in FY23. Solar PV power presents us with an opportunity in this regard. We have developed a model at Group level to manage essential and critical services if it is faced with various stages of load shedding thresholds. The GEMT is used to ensure that the Telkom Core Network remains running during power outages. Standby / backup generators have been installed at various equipment sites which assisted in ensuring that there were minimal disruptions to operations and service delivery to customers. As a result, there were no significant impacts on the business operations; however, our diesel use, and therefore Scope 1 emissions, have increased.</p>

## C3.4

### (C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures Capital allocation	<p>The board drives Telkom's strategy and ensures that the appropriate operating model and resources (including financial resources) are in place to meet current and future business requirements. Our enterprise risk and opportunity management approach is used to determine where financial resources are to be allocated, i.e. financial planning. Once Telkom's risk and opportunity assessment procedure (described in C2.2) is completed and reported to the board, a financial assessment process is undertaken to determine the financial resources required to carry out our risk and opportunity management plans. This assessment process considers annual budgets, tax and compliance cost, capital allocation, capital expenditures, savings opportunities, among others.</p> <p>In the case of climate-related financial planning, relevant financial elements include direct costs, capital expenditure, capital allocation and investment in assets. In the instance of assets, capital allocation and expenditure elements, the time horizon considered during financial planning is typically medium- to long- term, while short to medium time horizons are considered for direct operating cost elements. Nevertheless, these may change depending on the risk and opportunity under consideration.</p> <p>As a case in point, capital allocation and expenditure were important considerations when assessing and planning the construction of our 3 MWp Solar PV Farm at our head office Telkom Park.</p> <p>The primary objective of the solar PV Farm was to offset part of the conventional electricity supply, thereby reducing our dependence on external power sources and reducing the carbon footprint of Telkom Park. The capital expenditure for the project amounted to R88.4 million with a payback period of between 20 – 25 years. This capital investment will enhance the asset value of the Telkom Park property. Furthermore, R1.9 million was spent to install a solar PV plant in Belville, and R18.5 million on for the 1 MW solar PV plant. Additionally, in the previous reporting year, the Board approved our ESG strategy and implementation roadmap. The strategy commits Telkom to be carbon neutral by 2035 and net zero by 2040.</p> <p>Currently, direct costs are the most prominent financial planning element influenced by climate-related risk and opportunities. Effective cost management is currently one of Telkom's key financial focus areas. Reducing energy consumption and improving energy efficiency is considered one of the mechanisms for containing costs, hence various</p>



		<p>energy-related projects were implemented and/or assessed in this regard:</p> <ul style="list-style-type: none"> <li>• Smart metering project: Installation of smart electricity meters in the pursuit of an online energy management system for real-time energy consumption monitoring. Over 350 smart meters have been installed and an additional 300 smart meters are expected to be installed.</li> <li>• One of the controls implemented to address our carbon emissions exposure was an energy management system (EnMS) at Telkom Park to achieve ISO 50001 certification: The EnMS will enhance the adoption of best practices and sustainable energy savings. A gap analysis was completed in this regard.</li> </ul> <p>We conducted resource efficiency assessments at three of our high-energy and water consumption sites. The programme focuses on energy efficiency, sustainable use of water and waste management for reduced costs and environmental footprint. Telkom operates in a volatile and uncertain industry and recognises it needs to take certain risks to achieve sustainable growth and returns. For this reason, we consider financial planning to be a crucial element of our financial resilience measures.</p>
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### C3.5

**(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?**

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	Yes, we identify alignment with our climate transition plan

### C3.5a

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization’s climate transition.**

**Financial Metric**

OPEX

**Type of alignment being reported for this financial metric**

Alignment with our climate transition plan

**Taxonomy under which information is being reported**

**Objective under which alignment is being reported**

**Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)**

3,300,000

**Percentage share of selected financial metric aligned in the reporting year (%)**

0.01

**Percentage share of selected financial metric planned to align in 2025 (%)**

0.17

**Percentage share of selected financial metric planned to align in 2030 (%)**

0.29

**Describe the methodology used to identify spending/revenue that is aligned**

Telkom hired an external service provider to develop a capital investment scenario for meeting our emission reduction commitments. In preparing the scenarios, consideration has been aligned to our sustainability objectives covering energy and water efficiencies, cost optimisation and reduced reliance on grid supply. Baseline data is being used in this regard. In addition, the following aspects are being considered as part of the financial scenario and business case development:

- Site electricity accounts and expenditure.
- Renewable energy, power factor correction, energy efficiency lighting, building management systems and air-conditioning opportunities.
- Existing energy efficiencies and electricity security of supply initiatives.
- The potential of renewable energy procurement from third parties as part of OPEX expenditure.
- Other financial aspects and assumptions used in the model include OPEX savings from energy efficiency and on-site renewable power generation, tariff and costs escalations and inflation rates.

Opportunities will be identified through onsite sustainability audits and realized through approved business cases.

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Absolute target

#### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

---

Target reference number

Abs 1

**Is this a science-based target?**

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

**Target ambition**

1.5°C aligned

**Year target was set**

2022

**Target coverage**

Company-wide

**Scope(s)**

Scope 1

Scope 2

**Scope 2 accounting method**

Location-based

**Scope 3 category(ies)**

**Base year**

2022

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

55,466

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

797,316

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**

852,782

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**

100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**

100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO<sub>2</sub>e)**

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**

100

**Target year**

2035

**Targeted reduction from base year (%)**

100

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**

0

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**

85,100

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**

619,640

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**



**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**

704,740

**Does this target cover any land-related emissions?**

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**

17.3598879901

**Target status in reporting year**

Underway

**Please explain target coverage and identify any exclusions**

This target is company-wide and covers 100% of both our Scope 1 and 2 emissions. We have aligned our annual targets with the Science Based Targets initiative (SBTi) whereby we aim to achieve a 4.2% reduction in GHG emissions annually, to reduce our GHG emissions by 2035. This emissions target forms part of our longer-term goal to reach net zero by 2040, which is aligned with a 1.5°C world. Telkom has also implemented energy efficiency initiatives and we have identified additional initiatives in the pipeline, which we believe will help us reach our emissions target, such that the company can achieve net zero emissions for all Scope 1 and 2 emissions by 2035. We have not included any emissions or removals from bioenergy within the target boundary, given that it is not relevant to our business.

**Plan for achieving target, and progress made to the end of the reporting year**

In order to reduce scope 1 and 2 emissions to reach net zero in 2035, Telkom is looking to action the following initiatives:

- Review the carbon footprint and develop baseline data for target setting;
- Responsibly advancing the energy efficiency and renewable initiatives in a phased manner
- Implementing technologies that have a strong business case for achieving energy and emission reductions; and
- Preparing financial plans to best manage capital-operational investments and savings in pursuit of this commitment.

Telkom has developed a stepped approach to achieve our target. Scope 2 emissions comprise 88% of our emissions profile, therefore in order to reduce our emissions significantly, we need to reduce our Scope 2 emissions. The Telkom Park solar PV plant and the Belville solar PV plant are operational and a 1 MW solar PV plant in Centurion is under construction. The increased renewable energy sources will help reduce our

Scope 2 emissions and contribute to Telkom achieving a net zero status. Telkom is also aiming to migrate from fossil fuels to 50% renewable energy by 2030 and 100% by 2035. We are also migrating from R22 refrigerant gas. Telkom has identified initiatives that will be prioritised in order to reach our target. The initiatives are (inter alia):

1. The installation of LED lights;
2. Make use of renewable energy;
3. Upgrade our infrastructure with the move from copper to fibre cables;
4. Ensure that our operations and infrastructure are sustainable through the development of a 10-year reduction strategy;
5. Single source backup power generators;
6. Installation of smart meters;
7. Mast decommissioning and recovery for potential reuse; and
8. Implement EPC regulation requirements.

We anticipate that our progress will be linear, given that we have started to implement emissions reduction initiatives and we have additional initiatives in the pipeline. Further, we expect to align with the SBTi's 4.2% annual reduction of GHG emissions.

**List the emissions reduction initiatives which contributed most to achieving this target**

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Net-zero target(s)

Other climate-related target(s)

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

---

**Target reference number**

Oth 1

**Year target was set**

2016

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Resource consumption or efficiency  
Other, please specify  
Tonne R-22 Refrigerant Installed

**Target denominator (intensity targets only)**

**Base year**

2016

**Figure or percentage in base year**

97

**Target year**

2025

**Figure or percentage in target year**

31.5

**Figure or percentage in reporting year**

36.2

**% of target achieved relative to base year [auto-calculated]**

92.8244274809

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

Other, please specify  
Montreal Protocol

**Please explain target coverage and identify any exclusions**

Telkom owns and operates a large air conditioning portfolio, and many of the systems contain R-22 refrigerant. R-22 is an ozone-depleting substance and has been outlawed by the Montreal Protocol, to which South Africa agreed. Consequently, a law was passed (Government Gazette 37621 of 8 May 2014) requiring the reduction of the organisation's HCFC base, of which R-22 is a listed substance, in three phases over 14 years until the gases have been mostly removed. This target will help Telkom achieve our 2035 absolute emissions target, as well as our 2040 net zero emissions.

**Plan for achieving target, and progress made to the end of the reporting year**

According to the regulations, the following phase-out schedule for HCFC with 2016 being the baseline year was stipulated:

- 1 Jan 2016 to 31 Dec 2020: reduce to 65% of baseline consumption

- 1 Jan 2021 to 31 Dec 2025: reduce to 32.5% of baseline consumption
- Jan 2026 to 31 Dec 2030: reduce to 2.5% of baseline consumption

The upgrades and disposals have reduced the R-22 install base from the 2016 baseline of 97 tons to 36.2 tons as of June 2023. Since 2016 Telkom has had numerous upgrades and has disposed of several properties. A proactive R-22 reduction program is in place to ensure that the required targets are met. To reach the next target date of 2025, Telkom must reduce R-22 gas by a further 4.7 tonnes. This reduction will be achieved by additional decommissioning sites planned in the next two years and the budget allocated to replace old HVAC equipment.

### List the actions which contributed most to achieving this target

---

#### Target reference number

Oth 2

#### Year target was set

2016

#### Target coverage

Company-wide

#### Target type: absolute or intensity

Absolute

#### Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency

Other, please specify

Tonne R-22 Refrigerant Installed

#### Target denominator (intensity targets only)

#### Base year

2016

#### Figure or percentage in base year

97

#### Target year

2030

#### Figure or percentage in target year

2.4

#### Figure or percentage in reporting year

36.2

**% of target achieved relative to base year [auto-calculated]**

64.2706131078

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

No

**Is this target part of an overarching initiative?**

Other, please specify

Montreal Protocol

**Please explain target coverage and identify any exclusions**

Telkom owns and operates a large air conditioning portfolio, and many of the systems contain R-22 refrigerant. R-22 is an ozone-depleting substance and has been outlawed by the Montreal Protocol, to which South Africa agreed. Consequently, a law was passed (Government Gazette 37621 of 8 May 2014) requiring the reduction of the organisation's HCFC base, of which R-22 is a listed substance, in three phases over 14 years until the gases have been mostly removed. The regulation stipulates the following phase-out schedule for HCFC with 2016 being the baseline year. This target will help Telkom achieve our 2035 absolute emissions target, as well as our 2040 net zero emissions target.

**Plan for achieving target, and progress made to the end of the reporting year**

According to the regulations, the following phase-out schedule for HCFC with 2016 being the baseline year was stipulated:

- 1 Jan 2016 to 31 Dec 2020: reduce to 65% of baseline consumption.
- 1 Jan 2021 to 31 Dec 2025: reduce to 32.5% of baseline consumption.
- 1 Jan 2026 to 31 Dec 2030: reduce to 2.5% of baseline consumption.

Since 2016 Telkom has had numerous upgrades and has disposed of several properties, reducing the R-22 install base from the 2016 baseline of 97 tons to 39 tons in 2020. A proactive R-22 reduction program is in place to ensure that the required targets are met. To reach the next 2030 target date, Telkom must reduce the R-22 install base by 33.8 tonnes from the reporting year. We aim to achieve this reduction by further decommissioning sites and by replacing aged HVAC equipment.

**List the actions which contributed most to achieving this target**

## C4.2c

**(C4.2c) Provide details of your net-zero target(s).**

---

**Target reference number**

NZ1

**Target coverage**

Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**

Abs1

**Target year for achieving net zero**

2040

**Is this a science-based target?**

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

**Please explain target coverage and identify any exclusions**

The net zero target applies to the entire company. We are currently in the process of seeking validation from the Science Based Targets initiative (SBTi) for our near-term target. Our year-on-year emissions reduction target has been aligned with SBTi methodology, with the aim of achieving a 4.2% reduction in emissions annually. We have a net zero GHG emissions target by 2040, thus aligning with a 1.5°C world. Our definition of “net zero” aligns with the SBTi Corporate Net-Zero Standard’s definition, and therefore includes Scope 1, 2 and 3 emissions. In order to reach our net zero target, we have calculated our Scope 3 emissions and will aim to reduce all GHG emissions. Telkom has also implemented energy efficiency initiatives and we have additional initiatives in the pipeline, which we believe will help us reach net zero. Telkom encourages the use of recyclable and biodegradable materials and we aim to reduce our waste-to-landfill by 75% by 2030. We also aim to reduce potable water consumption by 50% by 2030. Telkom is committed to making use of carbon offsets for unavoidable emissions, to ensure that we reach net zero emissions by 2040.

Telkom has also set a more near-term target for 2035, where we aim to achieve net zero emissions for all scope 1 and 2 emissions. In order to achieve the 2035 target, Telkom’s goal is to migrate from fossil fuels to 50% by 2030 and 100% by 2035.

Therefore, in 2035 we aim to have our energy sources to be 100% renewable. We are also currently migrating from R22 refrigerant gases, and our goal is to reduce our R22 use by 25% in 2025 and by 100% by 2035.

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**

Yes

**Planned milestones and/or near-term investments for neutralization at target year**

For unavoidable emissions, Telkom will make use of carbon offsets. We are currently unable to estimate the magnitude of emissions that we plan to offset in the net-zero target year. In future reporting periods, we will determine the percentage of emissions that will be reduced due to our emissions reduction initiatives that have been implemented and are in the pipeline. Once we have determined this value, we will be able to estimate the unavoidable emissions which will require the use of carbon offsets.

**Planned actions to mitigate emissions beyond your value chain (optional)**

**C4.3**

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	
To be implemented*	2	2,219.5
Implementation commenced*	0	0
Implemented*	3	4,077
Not to be implemented	0	

**C4.3b**

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Low-carbon energy generation  
Solar PV

**Estimated annual CO2e savings (metric tonnes CO2e)**

202

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

292,311

**Investment required (unit currency – as specified in C0.4)**

1,900,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

None.

---

**Initiative category & Initiative type**

Low-carbon energy consumption

Other, please specify

Lithium-ion batteries

**Estimated annual CO2e savings (metric tonnes CO2e)**

1,144

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

9,130,000

**Investment required (unit currency – as specified in C0.4)**

39,300,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

None.

---

**Initiative category & Initiative type**

Energy efficiency in buildings

Lighting

**Estimated annual CO2e savings (metric tonnes CO2e)**

2,731



**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 2 (location-based)

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

4,113,010

**Investment required (unit currency – as specified in C0.4)**

18,500,000

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

None.

### C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Compliance with regulatory requirements/standards	None.
Dedicated budget for energy efficiency	None.
Dedicated budget for other emissions reduction activities	None.

### C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

### C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

**Level of aggregation**

Group of products or services

**Taxonomy used to classify product(s) or service(s) as low-carbon**

No taxonomy used to classify product(s) or service(s) as low carbon

**Type of product(s) or service(s)**

Other

Other, please specify

Teleconferencing and telecommuting software and service

**Description of product(s) or service(s)**

We provide data, teleconferencing and telecommuting software and services to our clients which enables an array of emission reductions for our clients and customers primarily related to travel and information sharing. Video conferencing (fixed and mobile) facilities the reduction of air and ground travel which has enabled customers to reduce both business and private travel. Working from home has enabled our customers to work from home, reducing travel frequency from work to home. As a case in point, Telkom has enabled a reduction in Scope 1 emission reductions (business fleet) by using video-conferencing facilities to connect employees that operate in different offices and regions. Working from home has enabled our customers and employees to reduce travel frequency from work to home. In addition, the ability to move large volumes of data electronically has reduced the need for postal and courier services. Our networks facilitate the movements of large volumes of electronic data both locally and intentionally. Our services also enable our customers to access the internet. This ability has significantly reduced the volume and distribution of hard copy data.

We have not yet calculated the emission savings and are unable at this point to estimate emissions that have or will be avoided through the data and video conferencing services.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**

No

**Methodology used to calculate avoided emissions**

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**

**Functional unit used**

**Reference product/service or baseline scenario used**

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

**Estimated avoided emissions (metric tons CO<sub>2</sub>e per functional unit) compared to reference product/service or baseline scenario**

**Explain your calculation of avoided emissions, including any assumptions**

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

3.4

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

#### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

Row 1

**Has there been a structural change?**

No

#### C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

	<b>Change(s) in methodology, boundary, and/or reporting year definition?</b>
Row 1	No, but we have discovered significant errors in our previous response(s)

#### C5.1c

**(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?**

	<b>Base year recalculation</b>	<b>Base year emissions recalculation policy, including significance threshold</b>	<b>Past years' recalculation</b>
Row 1	No, because the operations acquired or divested did not exist in the base year	We do not have a policy for recalculating base year emissions, hence the base year was not recalculated. The base year calculations were not affected by the errors encountered in the previous reporting year.	No

## C5.2

### (C5.2) Provide your base year and base year emissions.

#### Scope 1

---

**Base year start**

April 1, 2014

**Base year end**

March 31, 2015

**Base year emissions (metric tons CO<sub>2</sub>e)**

84,640

**Comment**

This is the first year that Telkom started calculating its emissions.

#### Scope 2 (location-based)

---

**Base year start**

April 1, 2014

**Base year end**

March 31, 2015

**Base year emissions (metric tons CO<sub>2</sub>e)**

681,204

**Comment**

This is the first year that Telkom started calculating its emissions.

#### Scope 2 (market-based)

---

**Base year start**

April 1, 2014

**Base year end**

March 31, 2015

**Base year emissions (metric tons CO<sub>2</sub>e)**

681,204

**Comment**

The location-based scope 2 emissions total has been used as a proxy for the market-based scope 2 emissions since a market-based figure is not applicable to any of our operations.

#### Scope 3 category 1: Purchased goods and services

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

288,708

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 2: Capital goods**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

174,260

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

26,471

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 4: Upstream transportation and distribution**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

13,777

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

### Scope 3 category 5: Waste generated in operations

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

2,156

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

### Scope 3 category 6: Business travel

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

1,119

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

### Scope 3 category 7: Employee commuting

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

9,385

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

### Scope 3 category 8: Upstream leased assets

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

2,049

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 9: Downstream transportation and distribution**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

15,289

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 10: Processing of sold products**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

This category is not relevant to our operations.

**Scope 3 category 11: Use of sold products**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO<sub>2</sub>e)**

320,556

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 12: End of life treatment of sold products**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO2e)**

30

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 13: Downstream leased assets**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO2e)**

94,832

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 14: Franchises**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO2e)**

10

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3 category 15: Investments**

---

**Base year start**

April 1, 2021

**Base year end**

March 31, 2022

**Base year emissions (metric tons CO2e)**

874

**Comment**

This is the first year that Telkom started calculating its scope 3 emissions.

**Scope 3: Other (upstream)**

---



**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We have not identified other upstream scope 3 emissions.

**Scope 3: Other (downstream)**

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

We have not identified other upstream scope 3 emissions.

## **C5.3**

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

## **C6. Emissions data**

### **C6.1**

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

85,100

**Comment**

Our Scope 1 emissions increased by 53.4% from the last reporting year, this is because of an increase in diesel consumption to allow standby generators to mitigate loadshedding.

## C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

### Row 1

#### Scope 2, location-based

We are reporting a Scope 2, location-based figure

#### Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

#### Comment

None.

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

### Reporting year

#### Scope 2, location-based

619,640

#### Comment

Our Scope 2 emissions decreased by 22.3%, this is due to the termination of approximately 2 000 sites which resulted in a decrease in energy consumption.

It should be noted that during the internal data assurance exercise for the current reporting period, we found that the electricity consumption for FY2022 was overstated by 262 GWh due to a formula error in the calculation. Therefore, Telkom's Scope 2 emissions in FY2022 were 797 316 tCO<sub>2</sub>e. The 22.3% reduction in Scope 2 emissions in FY23 is against the updated Scope 2 emissions value.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

243,095

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

The annual purchased goods and services procurement expenditure for the financial year 2022 for each business unit was obtained to assess the scope and material sources of value chain emissions across all purchased goods and services.

The calculation of emissions for purchased goods was limited to the emissions from the production of purchased e-products (laptops, mobile phones, and routers, among others).

Purchased services accounted for include legal, consultants, power, construction, facilities management and auditors' services procured by Telkom in the reporting year.

### **Capital goods**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

71,304

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

This category includes emissions from all capital purchases reflected in Telkom's procurement spend. The capital goods included are masts and towers from Gyro and network equipment for fibre installations from Openserve. Procurement spend on capital goods was multiplied by a sector-specific, spend-based emission factor for capital goods

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

28,267

### Emissions calculation methodology

Average data method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

This category includes emissions related to the production of fuels and energy purchased and consumed by Telkom in the reporting year and that are not included in Scope 1 or Scope 2. This includes the emissions from diesel, petrol, and transmission and distribution (T&D) losses from purchased electricity. All activity data was obtained from the fuel and energy supplier invoices.

## Upstream transportation and distribution

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO<sub>2</sub>e)

10,542

### Emissions calculation methodology

Average data method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

The total spend on upstream transportation and distribution data was used to estimate the emissions for this category. Transport spend data was received for Openserve only. For the other business units, it was assumed that 4% of the expenditure on purchased goods and services was for transport expenditure. Therefore, 4% of the procurement spend was multiplied by a spend-based emission factor for upstream transport.

## Waste generated in operations

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

2,053

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

This calculation includes the emissions from the off-site transportation and treatment of all waste disposed to landfill, recycled waste and wastewater treated. Waste generated in our operations includes e-waste, and general waste to landfill. Emissions data from waste generated in our operations are collected regularly and multiplied by the relevant emission factor sourced from DEFRA. All activity data was obtained from the disposal quantities indicated on the waste disposal supplier invoices

---

**Business travel**

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

1,563

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

This calculation includes the emissions from Business flights and hotel stays for employees at Telkom. Flight distance covered, travel class data and number of nights spent in hotels were multiplied by the respective emission factor for that activity. These results were summed to obtain the total emissions from business travel. Emissions activity data was obtained from our travel agent and multiplied by the relevant emission factors sourced from DEFRA.

---

**Employee commuting**

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

18,748

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Emissions from this category includes commuting to and from work for our full-time employees and those employed through labour brokers. This calculation also includes emissions from telecommuters that dispatch from home, whose work requires them to travel to the client regularly. The annual commuting distance was estimated by multiplying distance travelled, number of trips per commuting day and the number of working days in a year. Emission factors sourced from DEFRA were applied to this activity data.

**Upstream leased assets**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

95,480

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Leased office space and leased vehicles were deemed to be the only relevant upstream leased assets for our operations. The main emission source for the leased office is electricity consumption, other immaterial emission sources such as the use of refrigerants and waste generated from the head office were excluded.

Fuel consumption from leased vehicles is regularly tracked, this data was multiplied by the relevant fuel emission factors sourced from DEFRA.

To estimate emissions from energy consumption in the leased office space, secondary data was used and multiplied by a Quantis emission factor.

**Downstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

18,105

**Emissions calculation methodology**

Spend-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category includes all emissions associated with the downstream logistics. Due to lack of downstream transport data, it was assumed that 4% of the revenue generated from sold products was for transport logistics. Therefore, 4% of the sales revenue was multiplied by a spend-based emission factor for downstream transport.

---

**Processing of sold products**

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Telkom does not produce any intermediate products that need to undergo further processing, this scope 3 category is deemed irrelevant for Telkom given the scope 3 downstream boundaries on intermediate products as defined by the GHG Protocol. Consequently, no emissions have been calculated under this category.

---

**Use of sold products**

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

538,803

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

In terms of the use of sold products, this calculation was limited to emissions from the energy consumption due to the use of sold e-products and the use of sold properties. Sold e-products include handheld devices such as phones and tablets, laptops, optical network terminals (ONT), desktops and routers. Quantities of sold products were obtained from our records and multiplied by the Eskom grid emission factor. For sold properties, the total square meterage was summed and multiplied by the relevant emission factor sourced from Quantis.

## End of life treatment of sold products

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

49

### Emissions calculation methodology

Average data method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Emissions in this category were limited to emissions from the sold e-products and properties. To estimate the emissions from the end-of-life treatment of sold e-products, quantities of e-products sold were multiplied by estimated total weight of each product and the life cycle of the product in the reporting year. This was then multiplied by the end-life emission factor for those products.

## Downstream leased assets

---

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

84,025

### Emissions calculation methodology

Average data method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

This category includes emissions arising from energy consumption in our leased towers. To estimate the emissions associated with our downstream leased assets, the total electricity expenditure on leased infrastructure assets was converted to the actual electricity consumed (kWh) using the electricity prices on our invoices. Eskom grid emission factors were then applied to the electricity consumption to estimate the total emissions.

## Franchises

---

### Evaluation status

Relevant, calculated



**Emissions in reporting year (metric tons CO2e)**

22

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Emissions from our franchise stores were estimated using the total square meterage of our franchise stores to estimate the emissions associated with the energy consumption in those stores. A Quantis emission factor was applied to the total area of the franchise stores.

**Investments**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

0

**Emissions calculation methodology**

Average data method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

This category was limited to emissions arising from investments in the reporting year. No investments were made in the reporting year, hence there were no emissions from this category.

**Other (upstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

No additional relevant upstream emission sources have been identified.

**Other (downstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

No additional relevant downstream emission sources have been identified.

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.0000163

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

704,740

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

43,138,000,000

**Scope 2 figure used**

Location-based

**% change from previous year**

38.7

**Direction of change**

Decreased

**Reason(s) for change**

Other emissions reduction activities

**Please explain**

Our emission intensity has decreased by 38.7% from the previous reporting period, this increase was largely influenced by the increase in Scope 1 emissions since the year-on-year decrease in revenue was relatively small (0.9%). Although we reduced our overall Scope 1 and 2 emissions, the increase in the frequency of loadshedding has resulted in increased Scope 1 emissions (53.4% increase) due to the increase in backup diesel consumption.

The overall decrease in emissions is primarily due to our energy and GHG emission

reduction initiatives. These initiatives include the use of renewable and efficient energy sources. We designed our energy pathways based on these initiatives on 500 of our sites, which accounts for 73% of our energy consumption. The initiatives resulted in a 22.3% reduction in our Scope 2 emissions.

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

No

### C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

Country/area/region	Scope 1 emissions (metric tons CO2e)
South Africa	85,100

### C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

### C7.3a

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
BCX	3,920.6
YEP	58.37
Telkom SOC	81,121.23

### C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
South Africa	619,640	

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

### C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
BCX	21,018.77	
YEP	469.07	
Telkom SOC	598,151.72	

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

No

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1,814	Increased	0.21	The total energy generated from solar power in FY2022 was 2 000 MWh, this decreased to 256 MWh in FY2023. The electricity therefore had to be offset using electricity produced from the national grid. Thus, using a National Grid Emission Factor of 1.04 tCO2e/MWh, the increase in emissions

				<p>produced from less solar power generation is calculated as follows: <math>1\,744\text{ MWh} \times 1.04\text{ tCO}_2\text{e/MWh} = 1\,814\text{ tCO}_2\text{e}</math> in the reporting period.</p> <p>Total scope 1 and 2 emissions in the previous reporting year were 852 782 tCO<sub>2</sub>e, hence the emissions value is calculated as <math>1\,814\text{ tCO}_2\text{e}/852\,782\text{ tCO}_2\text{e} = 0.21\%</math> (increased emissions).</p>
Other emissions reduction activities	18,446	Decreased	2.16	<p>Other reduction activities that contributed to the overall decrease in emissions include the installation of energy efficient LED lights and sensors at the Telkom Park and BCX facilities. The total energy savings from these initiatives amounted to 2 800 MWh, the decrease in emissions due to the use of LED lights and sensors were calculated as follows: <math>2\,800\text{ MWh} \times 1.04\text{ tCO}_2\text{e/MWh} = 2\,913\text{ tCO}_2\text{e}</math>.</p> <p>Further, the decommissioning of high-power utilisation legacy equipment in exchanges, resulted in up to 9 077 MWh of energy savings. The emissions decrease from this initiative were calculated as follows: <math>9\,077\text{ MWh} \times 1.04\text{ tCO}_2\text{e/MWh} = 9\,440\text{ tCO}_2\text{e}</math>.</p> <p>The replacement of diesel generators with lithium-ion batteries as backup on our masts and towers as well as the removal of high energy consuming and unused equipment from exchanges resulted in diesel savings of 1.09 million litres. The emissions reduced from the replacement of diesel generators were calculated as follows: <math>1\,090\,000\text{ litres} \times 0.0027\text{ tCO}_2\text{e/litre} = 2\,943\text{ tCO}_2\text{e}</math>.</p> <p>Lastly, the R22 refrigerant consumption decreased to 36 160 kg in the reporting year, from 37 900 kg in the previous year. This resulted in a 1 740 kg difference. The emissions decrease from this were calculated as follows: <math>1\,740\text{ kg} \times 1.81\text{ tCO}_2\text{e/kg} = 3\,149.76</math></p>

				<p>tCO<sub>2</sub>e.</p> <p>The total emissions decrease from other reduction initiatives was the sum of all the emission reductions above, i.e., 2 913 + 9 440+ 2 943+ 3150 = 18 446 tCO<sub>2</sub>e.</p> <p>Total Scope 1 and 2 emissions in the previous reporting year were 852 782 tCO<sub>2</sub>e, hence the emissions value percentage is calculated as 18 446 tCO<sub>2</sub>e / 852 782 tCO<sub>2</sub>e = 2.16%</p>
Divestment	0	No change	0	No divestments in the reporting year had a material effect on our Scope 1 and 2 emissions.
Acquisitions	0	No change	0	No acquisitions in the reporting year had a material effect on our Scope 1 and 2 emissions.
Mergers	0	No change	0	No mergers came into effect in the reporting year.
Change in output	0	No change	0	There were no material changes in our Scope 1 and 2 emission profile that related to a change in output.
Change in methodology	29,530	Decreased	3.46	<p>The National Eskom Grid Emission Factor decreased in the reporting year from 1.08 kgCO<sub>2</sub>e/kWh to 1.04 kgCO<sub>2</sub>e/kWh, resulting in a reduction of 29 530.24 tCO<sub>2</sub>e emissions, relative to the previous reporting year. Electricity consumption in FY2022 was 738 256 MWh, thus the calculation is as follows: (1.04 tCO<sub>2</sub>e/MWh – 1.08 tCO<sub>2</sub>e/MWh) x 738 256 MWh = -29 530.24 tCO<sub>2</sub>e (i.e., 29 530.24 tCO<sub>2</sub>e decreased emissions per unit of electricity consumed, relative to the previous reporting year).</p> <p>Total Scope 1 and 2 emissions in the previous reporting year were 852 782 tCO<sub>2</sub>e, hence the emissions value percentage is calculated as 29 530 tCO<sub>2</sub>e / 852 782 tCO<sub>2</sub>e = 3.46%</p>

Change in boundary	0	No change	0	There were no changes in boundary that contribute to our total Scope 1 and 2 emissions decrease in the reporting year.
Change in physical operating conditions	0	No change	0	Changes in physical operating conditions did not have a material contribution to the changes in the Scope 1 and 2 emissions profiles.
Unidentified	0	No change	0	There were no unidentified contributors to our total Scope 1 and 2 emissions decrease in the reporting year.
Other	115,848	Decreased	13.58	<p>The overall electricity consumption decreased by 142 449 MWh from the previous reporting year. The decrease in electricity consumption was a result of termination of approximately 2 000 sites in the reporting year, coupled with load shedding which reduced our overall electricity consumption. The emissions decrease from the reduced electricity consumption were calculated as follows: 142 449 MWh x 1.04 tCO<sub>2</sub>e/MWh = 148 146.6 tCO<sub>2</sub>e. Although our overall emissions decreased, our scope 1 emissions increased. This is primarily because during the reporting year, there was strain on the national electricity grid, which resulted in Eskom needing to implement load shedding. This resulted in Telkom needing to use our diesel generators during power outages, which increased our Scope 1 emissions in FY23. In FY22, the emissions associated with bulk diesel purchased were 16 313 tCO<sub>2</sub>e, whereas in FY23 the emissions associated with bulk diesel purchased increased to 48 613 tCO<sub>2</sub>e thus resulting in a 32 299 tCO<sub>2</sub>e increase.</p> <p>The overall emissions decrease was calculated as follows: Decreased emissions - increased emissions = net decrease in emissions i.e., 148 146.6</p>

				<p>tCO<sub>2</sub>e - 32 299 tCO<sub>2</sub>e = 115 848 tCO<sub>2</sub>e.</p> <p>Total Scope 1 and 2 emissions in the previous reporting year were 852 782 tCO<sub>2</sub>e, hence the emissions value is calculated as 115 848 tCO<sub>2</sub>e/852 782 tCO<sub>2</sub>e = 13.58% (decreased emissions).</p>
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## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes



## C8.2a

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	248,097	248,097
Consumption of purchased or acquired electricity		0	409,009	409,009
Consumption of self-generated non-fuel renewable energy		194.87		194.87
Total energy consumption		194.87	657,042	657,237

## C8.2b

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Sustainable biomass**

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Other biomass**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Other renewable fuels (e.g. renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Coal**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Oil**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Gas**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

0

**MWh fuel consumed for self-generation of electricity**

0

**MWh fuel consumed for self-generation of heat**

0

**Comment**

None.

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

---

**Heating value**

LHV

**Total fuel MWh consumed by the organization**

248,097

**MWh fuel consumed for self-generation of electricity**

186,472

**MWh fuel consumed for self-generation of heat**

61,625

**Comment**

None.

**Total fuel**

---

**Heating value**

**Total fuel MWh consumed by the organization**

248,097

**MWh fuel consumed for self-generation of electricity**

186,472

**MWh fuel consumed for self-generation of heat**

61,625

**Comment**

None.

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	<b>Total Gross generation (MWh)</b>	<b>Generation that is consumed by the organization (MWh)</b>	<b>Gross generation from renewable sources (MWh)</b>	<b>Generation from renewable sources that is consumed by the organization (MWh)</b>
Electricity	186,667	186,667	194.87	194.87
Heat	61,625	61,625	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

---

**Country/area**

South Africa

**Consumption of purchased electricity (MWh)**

409,009

**Consumption of self-generated electricity (MWh)**

194.87

**Consumption of purchased heat, steam, and cooling (MWh)**

0

**Consumption of self-generated heat, steam, and cooling (MWh)**

0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

409,203.87

## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

---

**Description**

Waste

**Metric value**

5,400

**Metric numerator**

E-waste recycled

**Metric denominator (intensity metric only)**

1

**% change from previous year**

188.8

**Direction of change**

Increased

**Please explain**

Our business activities, products, and services lead to high volumes of e-waste, such as batteries, copper cabling, phones, electric equipment, etc. The increased

availability, affordability and consumption of electronic products lead to increased volumes of e-waste. This is the largest growing waste stream in South Africa. It is also our most environmentally impactful waste stream, internally and within the value chain. There are significant opportunities for Telkom to decrease its negative impact through recycling end-of-life products, such as sim cards. Telkom sells copper recovered from recycling processes through a third-party contractor. The contractor is paid for the services when the recovered copper is sold. We sell our cabling to a leading e-waste recycling organisation, which processes the cabling using environmentally and socially responsible techniques (no chemicals or burning). This sensitive, labour intensive process provides employment to an Eastern Cape rural community. Some families rely solely on this project as a source of income. The increase in the e-waste recycled is largely due to Openserve’s ongoing legacy equipment decommissioning project.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process


**Status in the current reporting year**

Complete

**Type of verification or assurance**

Moderate assurance

**Attach the statement**

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**Page/ section reference**

Page 1

**Relevant standard**

AA1000AS

**Proportion of reported emissions verified (%)**

100

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process


**Status in the current reporting year**

Complete

**Type of verification or assurance**

Moderate assurance

**Attach the statement**

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**Page/ section reference**

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**Relevant standard**

AA1000AS

**Proportion of reported emissions verified (%)**

100




## C10.2


**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1)	AA1000AS	The trend in emissions between the last reporting year and this reporting year was reviewed as part of the assurance process.  1
C6. Emissions data	Year on year change in emissions (Scope 2)	AA1000AS	The trend in emissions between the last reporting year and this reporting year was reviewed as part of the assurance process.  1
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	AA1000AS	The trend in emissions between the last reporting year and this reporting year was reviewed as part of the assurance process.  1

 1Telkom\_Independent\_Assurance\_Report\_2023.pdf

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, but we anticipate being regulated in the next three years

### C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Telkom's risk and compliance management system is used to monitor, mitigate and manage compliance with South Africa's Carbon Tax Act. This system is integrated into the day-to-day decision-making structures and is based on the business-level ERM frameworks. Business unit risk and compliance management are responsible for implementing the compliance management policies, standards and frameworks. This is done by applying and maintaining the risk and compliance register; identifying mitigation controls; implementing action plans and operationalising the business unit assurance forums. An example of how the strategy is applied is discussed below.



Prior to the first carbon tax year (in FY20), the Group head office engaged an external service provider to: 1) assess the likelihood and extent of risk exposure to the Carbon Tax, 2) understand where we may be exposed to the tax, and 3) start the necessary process of evolving its business practices to mitigate both the financial and compliance risks associated with the implementation of the Carbon Tax.

This results from this assessment and our ERM framework was then used to assess and set-up a Carbon Tax Compliance Risk register which included the following:

- Purpose of the regulations;
- Effect of non-compliance on Telkom;
- Defined and assigned responsibilities for the reporting and management of the carbon tax, including the risk owners;
- Inherent risk rating, including the likelihood and impact;
- Controls and mitigating measures;
- Residual risk rating, including the likelihood and impact;

The Phase 1 carbon tax covers Scope 1 emissions. Telkom is not currently subject to carbon tax, and our Scope 1 emission sources are primarily diesel, petrol which are taxed at the source. For this reason, the Phase 1 risk rating was low. Nevertheless, our installed thermal capacity will be continuously monitored going forward to ensure that the appropriate compliance actions are taken in the instance that the threshold installed capacity is exceeded. Given the increased load shedding in South Africa, it is possible our diesel usage will increase, thus this is closely monitored.

Scope 2 emissions comprises over 80% of our emissions profile and although electricity is currently not taxed as part of the carbon tax, this will be considered for inclusion in Phase 2. Therefore, carbon pricing regulations may have a more substantial impact on Telkom than currently. The risk and compliance units monitor the developments on the Phase 2 carbon tax regulations so that appropriate management actions can be put in place in a timely manner. This is especially important as there are allowance opportunities to reduce the future financial liability.

Carbon tax is designed to become more stringent over time, thus we have identified controls aimed at decreasing Telkom's carbon emission exposure and decrease our potential carbon tax liability. The Gyro Group, in conjunction with our external service provider, have identified opportunities to install grid-tied solar PV systems at key strategic sites to generate electricity for own use and to offset part of the conventional electricity from the grid. This will reduce Telkom's carbon footprint and improve the security of power supply. Solar PV power plants are operational in Belville and at Telkom Park, and the 1 MW solar plant in Centurion is currently under construction and is expected to be operational in the next financial year. Additionally, smart meters have been installed at over 70 sites in FY23 and an additional 300 smart meters are expected to be installed. Gyro has also partnered with two external service providers to implement a Resource Efficiency programme at given sites which focuses on energy efficiency (among other resources). These controls are listed in our dynamic Carbon Tax Compliance Risk Register.

In terms of compliance governance, the Board oversees risk and compliance across the Group and provides an integrated approach to governance and management of risk and compliance, supported by a risk and compliance operating model aligned to Telkom's business model. The Risk and Social and Ethics Committees monitor and advise the board on matters relating to compliance, laws and regulations, including carbon tax. We have integrated governance, risk and compliance committees which reduces the impact of regulatory risk by driving compliance awareness for applicable laws, regulations and supervisory requirements. Finally, we have an ERM Forum which brings together Telkom's risk and compliance community in the group for the purposes of sharing best practices and knowledge. Engagement and monitoring of key risks and mitigation plans are discussed in this forum.

## C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, other partners in the value chain

### C12.1d

**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

Telkom considers value chain engagement to be fundamental to a successful business. We engage with value chain partners on climate-related risks and opportunities with a reputational, financial and/or socio-economic impact. In terms of our engagement strategy, the group-wide stakeholder engagement framework and policy is used to guide all engagement activities. We have a stakeholder management programme in place which involves identifying stakeholders, engaging with them, understanding expectations, and aligning these to Telkom's strategic and operational objectives and targets.

WHO: Telkom's climate-related value chain partners include relevant government organisations, business industry organisations (e.g., Business Unity South Africa (BUSA), Global System for Mobile Communication (GSMA), and climate-related industry initiatives (e.g. Science Based Targets Initiative)).

WHO: In light of the increase in physical climate-risks identified, Telkom also engages quarterly with the National Disaster Management Centre (NDMC) of South Africa through the National Disaster Management Advisory Forum (NDMAF) to obtain insight on anticipated climate and weather trends throughout the country and potential disaster scenarios e.g., storms, fires, drought conditions. Telkom's business activities and operations form a critical part of national communication management systems, thus our engagement with the NDMAF is mutually beneficial as the provision of telecommunications management systems during disaster risk management is a key function of the NDMC. Our engagement takes place through scheduled quarterly meetings and advisory alerts. However, engagement may become more frequent during an active disaster situation. Topics typically discussed during these engagements include quarterly climate watch updates from the South African Weather Service, overviews of the seasonal national risk profile, quarterly grid electricity forecasts and the national water status.

CASE STUDY: As a case in point, the NDMC was a critical partner in anticipating and managing the extreme weather conditions (storms and flooding) experienced in the KwaZulu Natal region in 2022 and 2019. Heavy rainfall caused floods which impacted communication service delivery in Telkom's central and eastern regions. In conjunction with the NDMC, Telkom ensured uninterrupted service to hospitals and other essential service providers and rapid deployment of temporary electronic communications networks during these events.

## C12.2

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

No, but we plan to introduce climate-related requirements within the next two years

## C12.3

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

Row 1

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

No, but we plan to have one in the next two years

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

Telkom's stakeholder engagement framework and policy guides how we manage our stakeholder engagements, as well as direct and indirect activities that influence policy. All engagements are actively monitored through our Stakeholder Management Programme which involves identifying stakeholders, engaging with them, understanding their expectations, and aligning these to Telkom's strategic and operational objectives and targets. For climate-related policy engagement, our publicly disclosed Corporate Citizenship Policy, Environmental Policy and Climate Change Policy Statement explicitly indicates the group's position and commitment to climate change and related environmental issues. This publicly clarifies Telkom's climate change position to all stakeholders and provides direction and confidence to management and employees across business divisions and geographies to engage in a consistent manner. In terms of the engagement governance structure, the Board-level Social and Ethics Committee, with support from Group CEO, is responsible for ensuring that key stakeholder relationships are effectively managed. The Group Executive Committee actively reviews and discusses the stakeholder management profile regularly and ensures the implementation of the overall stakeholder engagement process through the approval of the stakeholder engagement framework and policy. Certain Group Executive Committee members are assigned to monitor specific stakeholder groups. Management is responsible for implementing the overall stakeholder engagement process. In addition to the engagement framework, we have various mechanisms within our risk and compliance function to ensure a consistent engagement approach on policy issues. These include continuous employee training and awareness documentation on key policy and legislation matters; a mandatory compliance management framework; ongoing regulatory risk assessments; and control identification and compliance monitoring exercises. Policy activities affecting business risks and opportunities are monitored, recorded, and tracked quarterly (at minimum) through our risk management systems. In this way, Telkom ensures that multiple engagement activities around climate change across the business divisions have a common strategic approach and are consistent with our strategy on climate change.

## C12.3b

**(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.**

---

### Trade association

Other, please specify

Business Unity South Africa (BUSA)

**Is your organization's position on climate change policy consistent with theirs?**

Consistent

**Has your organization attempted to influence their position in the reporting year?**

No, we did not attempt to influence their position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

BUSA is committed to a just transition towards low carbon, climate resilient and ecologically sustainable economies and societies. BUSA has undertaken research to confirm that South Africa's economic sectors can commit to decarbonisation by 2050 in a manner that builds climate change resilience and create new industries, income streams and jobs. Nevertheless, given the country's high rate of inequality and unemployment and the extent of dependence on a fossil fuel-based energy system and economy, BUSA recognises that this transition must take place in a way that is just, that leaves no-one behind and that sets the country onto a new and more equitable and sustainable development path; one which aims to systematically reindustrialise the country, and build new and green industries, value chains and jobs on the basis of a supportive and aligned industrial policy. BUSA has committed the business community to a supporting a level of ambition that would see the country committing to reducing emissions. Telkom's position on climate change is consistent with BUSA's, hence we are not attempting to influence their position.

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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**Trade association**

Other, please specify

Global System for Mobile Communication (GSMA)

**Is your organization's position on climate change policy consistent with theirs?**

Consistent

**Has your organization attempted to influence their position in the reporting year?**

No, we did not attempt to influence their position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**

GSMA recognises that climate change is one of the greatest threats to humanity that the mobile industry has a big role to play in fighting the crisis. In pursuit of transparency around the industry's climate-related emissions, GSMA developed an industry-wide climate action roadmap to achieve net-zero by 2050, in line with the Paris Agreement. GSMA has a climate action working group and is focusing its climate-related work on three pillars: reducing carbon emissions, enabling value chain emission reductions through digitisation and using mobile networks to build adaptation and resilience to the extreme weather conditions and effects of climate change. Telkom's position on climate change is consistent with GSMA's, hence we are not attempting to influence their position.

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**

**Describe the aim of your organization's funding**

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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**Publication**

In mainstream reports, incorporating the TCFD recommendations

**Status**

Complete

**Attach the document**

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**Page/Section reference**

Natural Capital Section (p. 87-93)

**Content elements**

Governance

Strategy  
 Risks & opportunities  
 Emissions figures  
 Emission targets  
 Other metrics

**Comment**

None.

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

	<b>Environmental collaborative framework, initiative and/or commitment</b>	<b>Describe your organization’s role within each framework, initiative and/or commitment</b>
Row 1	Science Based Targets Network (SBTN) Task Force on Climate-related Financial Disclosures (TCFD)	<p>Telkom believes that by adopting the TCFD Recommendation, it clarifies our climate-related risk exposure to the market. Telkom has acknowledged that we need to improve our understanding of the long-term climate-related risks and opportunities. We have incorporated the TCFD disclosure recommendations regarding risk, strategy and governance in FY2021. In FY2022, we adopted the metrics and targets in the disclosures, and plan to have a standalone TCFD report by FY2025.</p> <p>Telkom also joined visionary corporate leaders in taking ambitious climate action by setting a net zero target in line with a 1.5°C future, by joining the Science-Based Target initiative (SBTi). This process was set by Gyro with the help of an external service provider in FY2022. The SBTi process is ongoing. We have aligned our annual targets with the SBTi whereby we aim to achieve a 4.2% reduction in GHG emissions annually. This emissions target forms part of our longer-term goal to reach net zero by 2040.</p>

## C15. Biodiversity

### C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

<b>Board-level oversight and/or executive management-level responsibility for biodiversity-related issues</b>
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Row 1	No, but we plan to have both within the next two years
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## C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	
Row 1	No, but we plan to do so within the next 2 years

## C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

### Impacts on biodiversity

**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

### Dependencies on biodiversity

**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

## C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

Not assessed

## C15.5

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments

## C15.6

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**



	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	

## C15.7


**(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

## C16. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

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### C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Group Executive: Environmental, Social and Governance	Environment/Sustainability manager

## SC. Supply chain module

### SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

## SC0.1

**(SC0.1) What is your company’s annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	

## SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

## SC1.2

**(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).**

## SC1.3

**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	

## SC1.4

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**

Yes

## SC1.4a

**(SC1.4a) Describe how you plan to develop your capabilities.**

## SC2.1

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**

## SC2.2

**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**

## SC4.1

**(SC4.1) Are you providing product level data for your organization's goods or services?**

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	<b>I understand that my response will be shared with all requesting stakeholders</b>	<b>Response permission</b>
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms