Our Strategic Pillars ▶

When we come together, great things happen. Twaweza

Delivering the promise

Agile is our new hello

Safaricom operates in a very dynamic market, which we expect to become even more vibrant as customer needs evolve and new entrants attempt to disrupt the status quo.

We see great opportunities to leverage the power of mobile technology to transform lives in line with our brand purpose, and to become the purpose-driven, customer obsessed and insights-led business we envision – what we call the Safaricom Way.

With local and global trends pointing to the decline in use of traditional telco services such as voice and SMS services, and uptake of data, mobile money transfer, payments and e-commerce, we are positioning ourselves to be the platform of choice that will deliver relevant products and services.

To do this, we must transform into a truly agile organisation that is fit for the future. This is a process that requires us to fine-tune our approach to ideation and delivery of products and services. Our goal is to create an environment where decisions can be made quickly, and where mistakes are viewed as opportunities to learn.

Because we view ourselves as more than a telco, we believe that embracing an agile way of work will enable us to feed into a wider ecosystem, positioning us favourably to deliver a suite of innovative solutions in everything from financial services and education, to healthcare, agriculture and public services.

By embracing agility, we are learning how to work faster and smarter, to be more flexible and quicker to adapt. In the process, we are also building a more sustainable business and transforming millions of lives using the most ubiquitous of devices: the mobile phone.
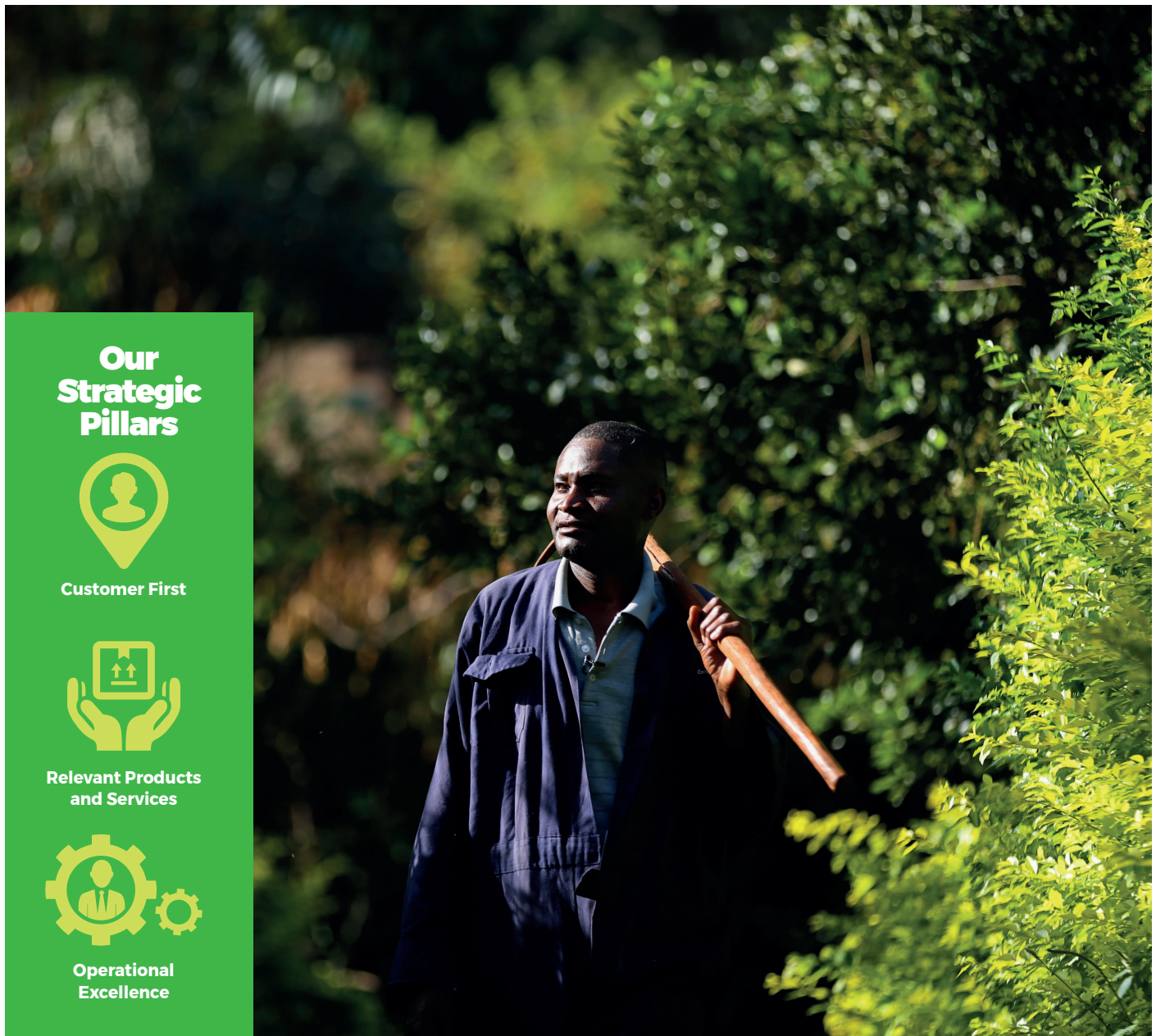
Our Strategic Pillars

Customer First

Relevant Products and Services

Operational Excellence

Customer First

We are continually endeavouring to put our customers at the head of the table by investing in understanding their needs better and in tools and products that are designed to give them more choice and control over how they use our voice, data or value added resources on the network.

Segmenting their needs led to the development of products like FLEX. We enhanced their ability to control network use through tools like My Data Manager and My Subscription Manager.

We are actively phasing out the one-size-fits-all mind-set of the past in order to

deliver the best experiences to our digital customers.In line with sustained efforts to put our customers first, we opened another call centre in Eldoret, with 800 full-time personnel to improve access to assisted customer care services.

Jitambulishe – Leveraging Voice Biometrics to Boost Security

Recently, in another industry first in Kenya, we launched a Voice Biometrics identification system – Safaricom Jitambulishe. This allows our subscribers to identify themselves to our Customer Care executives by simply using their voices.

The dynamic voice biometrics system allows customers to use their voices for authentication before accessing assisted services such as resetting their M-PESA PIN and PUK requests. Individual Post-Pay and Hybrid customers can enrol their voices and use these to access services. Jitambulishe enables customers to enjoy the security and convenience of accessing Safaricom products and services by themselves.

In an effort to reduce the number of calls to our call center, we have increased awareness of Safaricom Self-care solutions, such as USSD options and mySafaricom app. Our efforts have borne fruit, resulting in 24 million daily uses of the USSD solution and over 700,000 smartphone users on our network using the app daily.

## 24 million

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New call centre in Eldoret

Building on its commitment to put the customer first, Safaricom in December 2017 opened a new call centre in Eldoret. The centre is manned by 800 staff members and serves the entire North Rift thereby taking services closer to customers, in addition to creating employment.

My Safaricom App
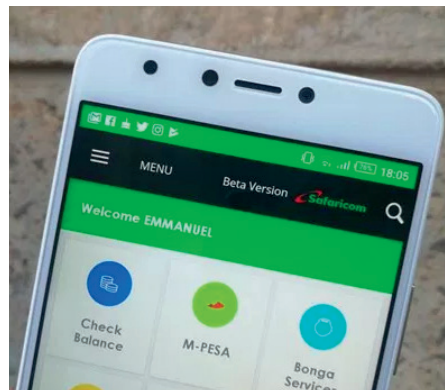
Improvements on the mySafaricom app, which was introduced in 2016, made it possible for customers to access M-Shwari, KCB M-PESA, M-PESA Bill Manager and Data Usage. This update gives the customer access to new services and eases access to others by increasing accuracy and reducing the number of times they are required to key in information when using the app.

Person-to-person reversals

Safaricom has made it easier to reverse money sent to the wrong person. This service was rolled out late 2017. A customer who sends money to the wrong person is required to send the transaction code to 456. The cash transfer is then suspended and customer care representatives from Safaricom then confirm with the sender and the receiver whether the transaction was done in error before taking the action necessary.

Relevant Products and Services

Over the last 18 years, we have evolved from a voice and text outfit to walk the extra mile in the digital journey in order to deliver cutting-edge products and services to our customers. We have invested in developing an insight of our customers' needs, wants and behaviours, and are providing propositions to lead in chosen segments including the Segment of One.

We have embraced a new level of targeting and rejected the outdated view of customers as large, indistinct, and coherent segments.

To tailor offerings to specific customer needs, we are employing analytical marketing, mining the Big Data already at our disposal to respond continually to the behaviour of individuals and market micro-segments. We have found this to be cost-effective as investment can increasingly be channeled productively, rather than wasted through overly simplistic assumptions about the general market.

Powered by data analytics, we are using segmentation to offer relevant products cognizant of the reality that each customer cluster has a different addressable value.

Subscribers constantly connect to our networks through voice, SMS, M-PESA and other smartphone interactions, and hence we have access to huge quantities of data. Our vision is to manage it effectively.

We now offer value propositions tailored to each target customer's needs. We mine

60%

Effective data prices are down more than 60% over the last four years as we focus on improving the value we offer to our customers.

the data we have at the deepest level possible in order to deliver our segmentation proposition to the most granular detail possible.

We have moved from the aggregate to the unique customer level in our targeting efforts. We are identifying pockets of value in the market in order to better customise their experience.

We strive to complement the quality of network experience with personalised products and pricing offers resulting in customers getting much more to use by paying a little more.

These personalised offers drove reduction of our effective pricing for data and SMS by 29% and 12% respectively, with voice prices remaining flat. Effective data prices are down more than 60% over the last four years as we focus on improving the value we offer to our customers.

How we Enhanced M-PESA For Visually Impaired Customers

In line with the theme for the 2017 International Day of Persons with Disabilities, we announced the launch of M-PESA services for visually impaired customers.
A world first, the new service means that customers can now access the mobile money services.

Additional M-PESA services have gradually been introduced in order to enhance their experiences.

Previously, visually impaired customers transacting on the service had to depend on the assistance of other persons to make transactions. This left them exposed to the risk of being defrauded, and also meant that they sometimes had to reveal their M-PESA PINs to other people.

By accessing M-PESA through an Interactive Voice Response platform, customers can now ascertain their M-PESA balances before and after making transactions.

Safaricom Platinum - For the Discerning Professional

During the year, we launched the Platinum proposition, which targets the 'Discerning Professional' category of customers.

Safaricom Platinum addresses customers who are shopping for deals and are heavy data users, whether they are on Prepaid of Postpaid plans..

This innovative digital-only proposition is exclusively available on MySafaricom App, and offers customers a range of monthly plans with voice, SMS and data services. It also offers access to lifestyle-friendly offers in partnership with brands such as Shell, eatout.com and Ticketsasa.

Customers have two options when they sign up for Platinum: Platinum Plus and Platinum.

Platinum Plus is a monthly plan that comes with data bundles of up to 40GB and 4,000 voice minutes. On the other hand, Platinum allows subscribers to consume and renew their subscriptions as they go with up to 30GB of data and 3,000 voice minutes depending on the subscription value.

Platinum and Platinum Plus subscribers enjoy unlimited SMS and have access to a personal bill manager that will simplify bill payment by filing all the customer's bills in one place.

35%

FL=X
Get More . Use Everything.

Flexible and convenient bundle offering 35% more value (c300k sign up)

Platinum
Worry free integrated plans

200m
Tunukiwa: Personalised offers to give better **customer value** (c200 m bundle uptake)

Segmented Offerings

15k
FTTB: Connecting businesses
(c15k businesses on fixed service)

Safaricom
Home Fibre
Connecting homes
(Over 141k homes passed)

3.5m
3.5m youth access affordable bundles

BLAZE
BY SAFARICOM
THE YOUTH NETWORK

Relevant Products and Services

Safaricom QR Code

In December 2017, we introduced our second innovation around payments with M-PESA Scan-To-Pay. Scan-To-Pay allows a customer to pay in two steps; scan a QR code and then key in their PIN.

Recently we signed up new partnerships with Paypal and Google Play Store, opening up the global marketplace to both local and international buyers and sellers.

As we set sights on new horizons, we have continued our efforts to diversify the business to support revenue generated by voice and SMS.

We are well positioned to sustain growth and actively manage profitability with new disruptive initiatives and offerings in M-PESA, E-Commerce and Home and Enterprise solutions including use of Internet of Things.

Songa Music App

Songa Music is an App that allows customers to download music of their favorite local and international stars. It clocked 176K downloads in FY18. The app is projected to offer alternative for music lovers and drive the content in the mobile internet space in the Mass and Discerning Professionals segments.

Fixed Data – Fibre to the Home (FTTH)

We see demand for high-speed Internet growing rapidly as digitization of the country takes root. In line with this, investment in infrastructure remains a key area of focus for our business.

In FY18, fixed footprint surpassed 5,000 kilometres of fibre, up 19.3% YoY. The extra capacity unlocked by this investment will enable us to accelerate market share gains in the fixed service.

We believe that investing in our infrastructure will not only reinforce our competitive position, it also represents a compelling opportunity to accelerate our revenue growth, generate attractive incremental returns and further improve our strategic position in the Kenyan market.

Safaricom continues to offer diversified products but related to our core mission, hence a HOME department was created to address the need.

With this investment, our vision is far beyond the current year.

Our eyes are set on the changing Kenyan home composition by serving the desire for internet democratization and flexible work and play plans for the new Discerning Professional category of customers.

We have 4 main categories of customer price points which are Bronze, Silver, Gold and Platinum. The price ranges from Shs2,500 to Shs9,999.

We closed the year with a total of 141,700 homes passed in 6 towns. The total homes connected closed at 48,600 with penetration having grown from a low of 22% to 34%.

In our journey on growing the home proposition we launched content play in partnership with Kwese, Showmax and iflix, among others. We continue to be on the lookout for more content partnerships that will make the Safaricom home proposition experience even better.

4

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141,700

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Safaricom Digital TV and Internet Box

We launched this product in December 2017. The main target audience is the Kenyan household. The product enables them to share basic internet through a Home Wi-Fi Hotspot, Entertainment and futuristic propositions like Smart homes in one box.

The Box supports both the connection via Fibre or 3G/4G.

It currently retails at Shs5,999 for our Safaricom Home Fibre customers and Shs 9,999 to other customers.

The new improved box "STB LITE" (Google Certified) will be our Home Hub that will enable us to offer other services such as Home Entertainment (Safaricom TV), Smart Homes and E-Commerce.

44% of the boxes have been bought by Fibre To The Home customers with the balance sought out by other customers either in 3G/4G or by other Internet Service Providers.

The new improved box offers access to endless entertainment, the ability for customers to download and stream favorite movie, music, TV and Gaming apps easily and conveniently as they would on a phone from the Android TV Playstore.

It comes preloaded with Showmax, iflix, Deutsche Welle, Gameloft, YouTube, and YouTube Kids with so much more to come.

The box has a 32GB memory space and superior processing speeds that allows the customer to download and save their favourite movies, shows and stream at 4K quality.

One can stream from ShowMax, iflix, YouTube, Netflix and other Video on demand services. Besides this, the Safaricom Digital TV and Internet box allows for casting content from the phone or tablet, just the same as with the Google Chromecast.

Shs 5,999

The Box retails at Shs5,999 for our Safaricom Home Fibre customers and Shs 9,999 to other customers.

32GB

Memory space of the Box which also has superior processing speeds allowing customers to download and save their favorite movies, shows and stream at 4K quality.

Partnering to deliver video content

In April 2017, we signed a distribution agreement with Econet Media's Kwesé TV, Africa's newest multi-platform Pay TV network, to deliver premium video content.

Kenyan consumers have been early adopters when it comes to digital content, and Safaricom has consistently led the charge in the communications industry with innovative products and services.

The announced partnership with Kwesé TV extends Safaricom's digital services offered to its subscribers.

Kwesé's TV content showcases some of the best in Sports and Entertainment, including exclusives like NBA basketball, Revolt TV and VICELAND, as well as live coverage of English Premier League and Brazilian football matches, as well as lifestyle and music shows.

Leveraging Safaricom's superfast 4G network, subscribers will be able to stream Kwesé's world-class programming on their connected devices through innovative data bundles, which will be available to Safaricom customers.

DigiFarm – A Solution for Smallholder Farmers and Agricultural Enterprises

These products were built around the need to use mobile technology to empower our farmers, give them access to affordable credit, share information that would boost yields, connect them to markets, ensure better returns and even stabilize food prices.

The solution lay in partnership, which resulted in the launch of Digifarm and Connected Farmer, two mobile-based agri-business solutions.

DigiFarm was launched in partnership with Mezzanine Ware – a company that specializes in developing mobile enabled solutions for businesses, connecting smallholder farmers to agricultural service providers. It allows them to enjoy access to extension services, training on the use of agricultural inputs, and access to loans through electronic credit vouchers for purchase of inputs at discounted prices.

In partnership with the same company we also launched Connected Farmer, a product targeted at agricultural processing businesses.

> **"**
> **Digifarm leverages the power of mobile technology to link farmers to markets**

Digifarm leverages the power of mobile technology to create supply chain efficiencies and link farmers to commercial markets, by, for example, allowing farmers to share crucial information such as expected yields with processors, and enabling seamless payments through M-PESA.

The launch of these solutions in response to one of the biggest challenges facing farmers opened our eyes to an existing opportunity which is mobile technology for agri-business.

In FY 18, we also created the m-Agribusiness Department within Safaricom. Its primary objective is to conceptualise and deliver mobile-based solutions aimed at addressing the challenge of food insecurity in Kenya; a challenge that has also informed the Government's inclusion of food security in its Big Four Agenda.

Key initiatives for businesses

We are well positioned to sustain growth and actively manage profitability with new disruptive initiatives and offerings in M-PESA, E-Commerce and Enterprise solutions.

Enabling a digital ecosystem
Automation of sales processes, service delivery and payment

Focus on traditional entreprise products
FTTB, LTE, CVM and Fixed voice

Becoming the digital partner of choice for businesses

Best digital customer experience
To enable them succeed in a digital world

Lead in vertical digital propositions
Cloud security, IOT and payments

Channel optimisation
Future-proof digital distribution model

Case study

> **Unajua shida yetu ni pesa ya kuanza hii kazi (our main problem here is lack of capital to finance this work)**

The digital farmer of the future, today

When he ventured into farming, Geoffrey Kimathi went for the usual crops farmers in Meru choose – maize, beans and bananas - and was doing it for the usual reasons – food for his family and any surplus for the market. He realised he could do more in 2014 when he got access to piped water and ventured into growing snow peas for export.

Kimathi would join other farmers for training at a centre in Nkubu and was thus able to improve his horticulture.

But there was something missing.

"Unajua shida yetu ni pesa – capital ya kuanza hii kazi (You know, our main problem here is lack of access to finance this work)", said Kimathi.

While he had access to the right information to improve his work, his most persistent problem was access to farm inputs; the herbicides, pesticides, fertiliser, certified seeds he needed to make great husbandry.

He then heard about a product called DigiFarm by Safaricom, a phone activated product that gives access to information to smallholder farmers on affordable inputs, e-extension services, access to credit, markets and insurance. Farmers receive targeted information because it is geo-specific down to an administrative ward.

300kg
The farmer now harvests up to 300 kilograms.

They can access tutorials using the app on planting, the application of herbicides and pesticides and then how to harvest once the produce is ready using the e-extension services.

"The idea is to have farmers engaged in precision farming based on science," says Fred Kiio, the head of M-Agribusiness at Safaricom.

Kimathi has certainly experienced a difference in the way he runs his farm as he now has access to loans and can no longer forego using fertiliser on his farm as he did in the past and can get certified seeds.

From one kilogram of beans, he says, he now harvests up to 300 kilograms.

"The cost of production has reduced," he said.

Kimathi's experience and the frustration he witnessed his neighbours go through is typical of farming in many parts of Kenya.

"What we are asking ourselves as Safaricom is: 'How can we leverage on technology to overcome these challenges?' We are building a socio-economic business model to impact the social fabric of the country and transform lives. At the same time, we also want to use technology to create a business model that can generate income for the shareholders. It's both a social and economic discussion that we are having," says Kiio.

Operational Excellence

I n FY18, we continued to enhance our operational excellence in order to deliver best quality products and services. We have become more agile in our decision making in order to ensure that we are at the global cutting edge of mobile technology.

Connectivity & Security
Differentiate our brand through network quality.

Always excellent value
Deliver personalized experience for our consumers.

Kenya's brand of choice enabling digital lifestyles and transforming lives

Reward loyalty
Drive growth through monetization of data and mobile money.

Easy, personal, instant support
Lead & grow enteprise through payments, fixed data & segment led proposition.

M-PESA certification

The M-PESA service passed the GSMA Mobile Money Certification, making it one of the first mobile money services to achieve this level of certification. M-PESA met the criteria in eight areas of assessment: safeguarding of customer funds, service security, safeguarding of customer data and privacy, mitigation against money laundering, terrorist financing, and fraud risks. The GSMA Mobile Money Certification is aimed at giving customers confidence that a provider has taken steps to ensure their funds are in safe hands, their rights are protected and they can expect a high level of customer service.

Ookla

Safaricom was in October 2017 named the fastest mobile network by speed test website Ookla. Safaricom achieved a speed score of 19.80, with the second fastest network achieving 15.12 and the third 8.62. The speed score incorporates a measure of each provider's download and upload speed to rank network speed performance.

-Expansion of network – Safaricom continues to build a robust digital network and in June 2017 rolled out 4G+ services in major towns. The new service builds on the growing footprint of Safaricom's 4G network, which is already active in more than 1,648 sites across Kenya. We have 100 4G+ sites in Nairobi, Mombasa, Kisumu, as well as parts of Kisii, Naivasha, Kitui, Machakos, Kakamega and Kericho, with more territories scheduled to be switched on.

Safaricom introduces 4G+

In FY18, we rolled out 4G+ services in major towns on its network, advancing its LTE Advanced (4G) proposition. The development follows sustained investments by Safaricom in building a robust digital network that can enable its customers to browse faster as well as enjoy improved voice services.

"These faster speeds not only benefit the customer, they also empower small businesses who can now use the internet for more commercial activities – democratizing data access," said Bob Collymore, CEO, Safaricom.

The new technology builds on the growing footprint of Safaricom's 4G network, which has been activated on over 1,100 sites across Kenya. Already, Safaricom has activated 100 4G+ sites in Nairobi, Mombasa, Kisumu, as well as parts of Kisii, Naivasha, Kitui, Machakos, Kakamega and Kericho, with more territories scheduled to be switched on in coming months.

Technically, 4G+ technology allows peak download speeds of 150Mbps, while 4G enables top speeds of between 60-100Mbps. In practical terms, this means that a 30-minute HD video should take a little over two minutes to download on

4G+, while the same video would take around eight minutes to download on standard 4G, such as that being trialed on other networks in the country.

The technology also enables 'Carrier Aggregation', which allows Safaricom customers to benefit from increased bandwidth accessible through the aggregation of different LTE spectrum bands.

150Mbps

Peak download speeds with 4G+, while 4G enables top speeds of between 60-100Mbps.

"These investments lay the foundation for a more digitally enabled, platform economy. We expect that our network will empower more small enterprise to participate in commerce as well as drive more data use by critical sectors in the education, health and agricultural sectors," said Mr. Collymore.

Safaricom was the first operator in Kenya to roll out mobile data in 2003 on the 2G platform, and later the company was the first to launch its 3G platform in 2007.

Daraja our bridge to M-PESA's future

In August 2017, Safaricom released a feature-rich M-PESA Application Programming Interfaces (APIs) portal to businesses in the country. The portal is dubbed Daraja, and enables businesses to easily integrate with M-PESA, drastically cutting down the more than 60 days it took businesses to link to M-PESA. Daraja enabled businesses to seamlessly integrate both Lipa Na M-PESA Buy Goods and PayBill payments into mobile phone applications, websites, point of sale terminals and other business solutions.

Our technology ▶

When we come together, great things happen. Twaweza
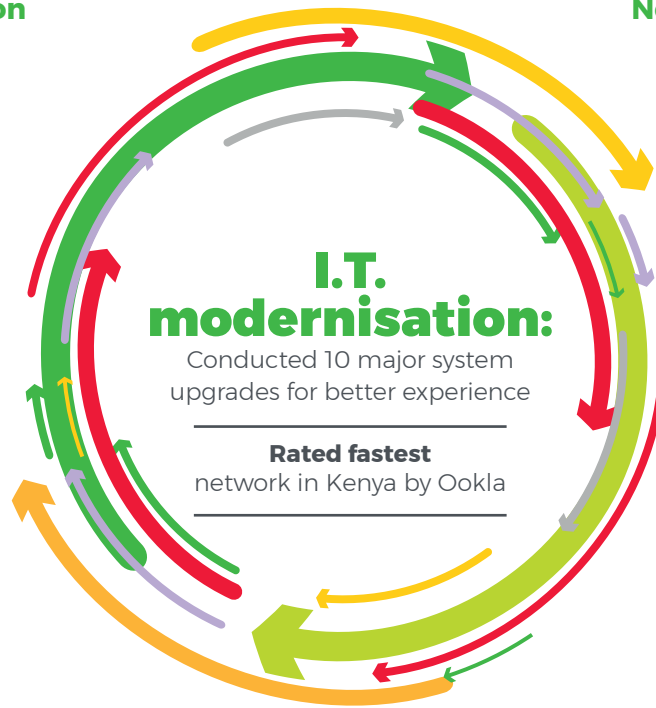
Digital transformation

2m
Approx users on
mySafaricom App

2,000
Approx developers on API

20m
Tunukiwa: personalized
offer to 20m customers

I.T. modernisation:
Conducted 10 major system
upgrades for better experience

Rated fastest
network in Kenya by Ookla

Network delivering world class experience

4G
49% coverage to over
1,600 sites

5,000
Length in kms of fibre
rolled out

30%
Percentage drop in
average deployment
cost

P3
Rated best network
in Kenya by P3
Communication

Maintaining our lead with the best technology

We are continuously investing in our network to ensure that we deliver world class products and services on our network in order to deliver the best experience to the digital customer.

Sustained investment in our network over the years has positioned us favourably, and we will continue to modernize our I.T. infrastructure to maintain this lead.

The continuous investment in our network earned us the coveted title of the fastest mobile network in the country, as affirmed by renowned speed test provider Ookla. This is as a result of investing in widening our 4G network across Kenya, offering our customers the fastest internet speed in the country.

The investment is laying the groundwork for transforming ourselves into a digital company.

> ## We are pleased that continuous investment in our network earned us the coveted title of the fastest mobile network in the country, as affirmed by renowned speed test provider Ookla.

Leaving No One Behind

Fastest – Safaricom was in October 2017 named the fastest mobile network by speed test website Ookla. We achieved a speed score of 19.80, with the second fastest network achieving 15.12 and the third 8.62. The speed score incorporates a measure of each provider's download and upload speed to rank network speed performance.

The Energy Management System has enabled the automation of measuring and monitoring of fuel and electric consumption in the Base Transceiver Stations. This system is able to accurately capture the power usage, hence ensuring 100% accountability and reduction of diesel pilferage, which is currently estimated at 25%. There is also replacement of the old and inefficient power systems with modern, more efficient ones, which would raise efficiency to 95 % from 90 % or less.

19.80

Speed score for Safaricom, with the second fastest network achieving 15.12 and the third 8.62 following a speed test by Ookla.

In 2018, Safaricom implemented the roll-out of 90 new High Speed 3G base stations in marginalised areas, making it possible for Kenyans in rural areas to access high-speed broadband.

In 2018, Safaricom implemented the roll-out of 90 new High Speed 3G base stations in marginalised areas, making it possible for Kenyans in rural areas to access high-speed broadband. The counties covered in the County Broadband Initiative were: Wajir, Turkana, West Pokot, Garissa, Elgeyo-Marakwet and Isiolo.

The County Broadband Initiative ties back to Safaricom's commitment to the United Nation's Sustainable Development Goals, specifically Goal 9 that

seeks to "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. We seek to contribute towards achievement of one of the goal's priorities, which is to increase the population covered by a mobile network and by technology.

Women in technology

Safaricom Women in Technology (WIT) is an programme of passionate women from Safaricom technology-driven divisions dedicated to inspiring women from different backgrounds to advance their careers from classroom to board room. These efforts are geared towards creating an opportunity to tap into latent talent and innovative ideas sitting on the bench with our girls, whilst dynamic trends continue to emerge in technology. In FY18, WIT continued in its efforts to promote technology among learners, working with the full range of learners, from six year olds to 20 year olds and beyond.

The programme for the youngest band, 6-13 year olds, was Kids-Go-Tech, who were taught to do a series of fun, simple technical experiments. There were 24 successful sessions in which 40 experiments were done.

750 children took part in Kids-Go-Tech.

For this category, WIT plans to hold events for children in urban informal settlements as well as extend to the regions..

WIT also carried out its 47/47 High School programme, where it planned to reach 47 girls' high schools in all 47 counties in Kenya with the aim of having them "see and believe" the reality of technology.

WIT was able to reach 45 counties in FY18, reaching more than 2000 girls in Marsabit,

Moyale and Samburu. Through networking forums, WIT was able to reach 396 students, with 12 schools attending sessions in the Coast region. Follow-up in this area revealed that girls are fighting to stay in school until they finish secondary school as education for boys has more value.

More than 320 students attended the sessions in Thika and the team was happy to meet one who had been scoring poor grades when she attended a similar programme in Thika two years ago but was inspired to do better and was now on her way to study electrical engineering at the university.

The Tech-novation Challenge also targeted high school students and involved girls' high schools, with the students required to submit apps addressing specific problems. This was a local and continental competition culminating in an international competition

60%

Drop in effective data prices over the last four years, as we focus on improving the value we offer to our customers.

at Silicon Valley. 65 teams were formed and 62 apps submitted.

From this, 10 teams were shortlisted for the 2018 Global Tech-novation semis. Kenya was ranked fourth globally in submission behind Spain, Canada and US.

WIT also conducted outreach on university campuses, using visits and in-house mentorships, hackathons based on the United Nation's Sustainable Development Goals, developers outreach, the Technology Academy, campus technology careers workshops, the Graduate Management Program and BLAZE brand ambassadors.

The programme reached 30 universities, both local and international and five university career fairs. It conducted 25 industrial visits and in-house workshops, two SDG hackathons and collaborated with the Daraja API team.

WIT was also involved in the Technology Academy for value-added internship. The academy has had its sixth intake since inception and now reserves a quota for People Living With Disabilities and has started the uptake of trainers of trainers from the technology division.

WIT coordinates networking forums and the target for the next year is to go beyond career mentorship to balance in the overall holistic life.

When we come together, great things happen. Twaweza

When we come together, great things happen.
Twaweza

Our Enterprise ▶

M-TIBA – An E-health Wallet

Two in five Kenyans fail to access medical treatment because they simply cannot afford it. This is a troubling statistic, and one that has led to preventable loss of lives.

Through the spirit of Twaweza, we have leveraged our partnerships and delivered access to quality, affordable healthcare through M-Tiba, a partnership with PharmAccess and Carepay.

Since launching M-Tiba, over one million Kenyans have subscribed to the mobile health wallet, receiving treatment in 400 medical facilities all over the country, and benefitting from over Shs 200 million redeemed in claims so far.

Through this service, we are playing our part in safeguarding communities, ensuring that parents live to see their children grow, and that children have the chance to enjoy a better quality of life.

As we set sights on new horizons, we have continued our efforts to diversify the business to support revenue generated by voice and SMS.

M-PESA for Businesses

We realized that while we have excelled in our consumer M-PESA proposition we have an opportunity to offer end to end solutions for our business customers including automation of sales processes, service delivery and payment.

Our focus now is on increasing the capabilities of the M-PESA wallet through opening up our API and partnerships such as our deal with Paypal to serve our customers and businesses better in a globalized world.

Fibre to the Business (FTTB)

Safaricom Fibre for Business is a fast and affordable internet service for small and medium sized businesses that are located in buildings that have Safaricom internet fibre.

Overall, data contributed 42.0% of service revenue growth, while fixed data now contributes 3.0% of service revenue with 27.3% growth YoY.

Our fixed infrastructure strategy aims to optimize the build, partner, wholesale and buy models in order to achieve the widest possible coverage at the most attractive economic cost.

Over 15,000 businesses have now been connected to fibre under the Fibre to the Business (FTTB) proposition.

Masoko is our exciting foray into E-Commerce. We are committed to our vision of "Taking Africa to the world", and have learned a lot over the last six months.

We have reviewed the quality of our vendors and products and we now have 89 active vendors and 15,000 stock keeping units (SKUs), which is a key step towards delivering on our customer promise.

Our initiatives to improve quality of service to customers, including training of customer-facing partners, has helped us improve our Customer Satisfaction Score from 61% to 80% in April 2018. We have solidified our logistics partnership to ensure seamless delivery of items to our customers.

We have also continued to mine insights into what customers prefer to buy online, as well as addressing our operational issues, including those that affect, or are affected by, our vendors and logistics.

89

Active Masoko vendors. We also have and 15,000 stock keeping units (SKUs), which is a key step towards delivering on our customer promise.

How Shupavu 291 is contributing

We are now serving over 3.5 million unique users daily

2015

- Shupavu 291 reverts to rental billing
- Per SMS billing proved to be very expensive for our customers and after experimenting with several billing methods, rental was identified as the best solution
- 520,000 unique users, 60,000 subscribed users

2014

- Shupavu 291 launched as a partnership between Eneza Education and Safaricom

2016

- March: Shupavu 291 official launch
- June: Shupavu celebrates 1,000,000 unique users
- ATL marketing on local radio stations
- Shs 28,877,190 Revenue; 1,800,000 unique users; 216,515 subbscribed users

2017

- June: Shupavu 291 celebrates 2,000,000 unique users
- Shupavu 291 on Twaweza TVC
- 2nd Phase of radio campaigns

The Shupavu 291 journey

Launched in 2014, Shupavu is a USSD, SMS and web based learning platform that provides 8-4-4 curriculum based lessons and quizzes to primary and high school students. Teacher training and business content is also available on the platform.

- Revenue YTD: 37,424,721
- Unique users: 2,800,000
- Subscribed users: 355,000
- Shupavu m-web intergration
- Twiga and Unilever partnerships
- Shupavu transition to CBU

2018

Cost

It costs Shs 1.43 daily on SMS and Shs 10 daily on web to use the platform. The "Ask a teacher" feature enables students to ask online teachers questions and receive an answer within 2 hours. The content is approved by the Kenya Institute of Curriculum Development.
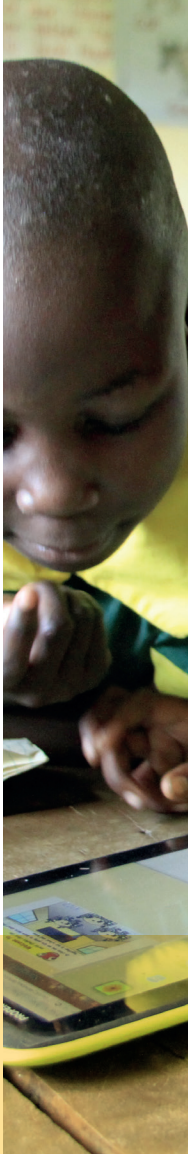
to quality education in Kenya

Shupavu users

2,800,000
Unique mobile learners across Kenya

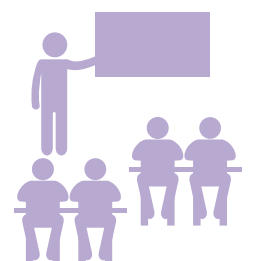**Over 60 million**
number of questions answered

Over 1,700,000
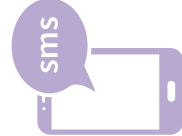users in primary

Over 1,000,000
users in High school

Over 40,000
users teachers

Customer acquisition strategies

SMS Mass Messaging
SMS messages sent to users identified by telco partner

Corporate
Corporate co-market Eneza on their products

Local Radio Campaigns
Radio campaigns targeting users to sign up to the service

60% Shupavu 291 has a Net Promoter Score of 62% according to Lean Data Survey by Acumen Lean Data, sponsored by the Omidyar Network.

80m Over 80 Million questions have been exchanged on Shupavu and users have been found to score on average 22.7% higher than their peers, adding to the overall quality of education in the country.
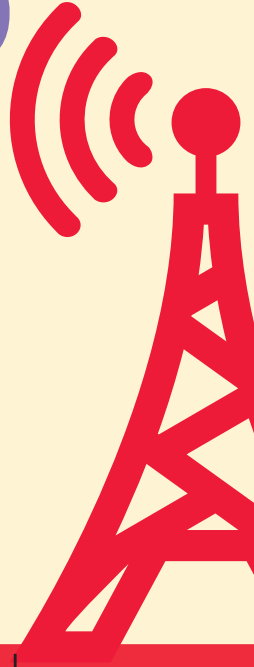
The M-PESA story continues...

2 million

By March 30, 2008,
about two million customers were using the service that had already become an economic phenomenon.

5 million

On December 1, 2008
With 5 million customers on board, M-PESA partnered with Western Union to allow M-PESA customers to receive money from the UK.

1 million

Just 9 months after its inception, M-PESA had registered 1 million users.

3 million

On July 14, 2008
with a customer base of 3 million, Safaricom and PesaPoint entered into a deal to enable M-PESA users to withdraw money from PesaPoint ATMs.
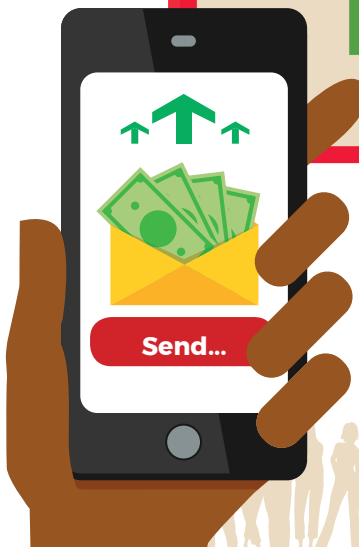
10 million

As June 30, 2010,
M-PESA hit a milestone. The platform had 10 million users; about 1/3 of the country's population.

M-PESA is born - March 6, 2007

Partnerships

In FY18, we upgraded M-PESA capabilities in order to ensure that more partners could seamlessly access our API.

This approach gave birth to partnerships such as the one we now have with PayPal which allows M-PESA users to transfer money between PayPal and M-PESA mobile wallets, thereby opening trusted, cost-saving lines of speed and efficiency for sellers, buyers and others who wish to transact internationally. The partnership has opened an opportunity to M-PESA's 28 million customers to transact online with PayPal's 227 million users.

Send...

Shs

14 million

M-PESA @ 4! – March 6, 2011.
When M-PESA was celebrating its 4th anniversary, it had already enlisted more than 13.7 million customers.

22 million

On November 27, 2012
M-Shwari was launched. This is a banking product for M-PESA customers by CBA bank in partnership with Safaricom. M-PESA customers had reached 22 million.

M-**Shwari**

23 million

On December 22, 2015 M-PESA launched the M-Tiba
The mobile-centric platform approach that sought to provide better co-ordination of healthcare services between patients and providers. There were about 23 million active M-PESA customers.

15 million

As at March 1, 2012, M-PESA had registered 14,652,593 customers. **A month later, on April 1, 2012,** M-PESA hit 15 million active users.

21 million

On 14th of April 2015, M-PESA upgraded the G1 platform to the G2 Platform.
The migration was to allow for faster transactions, improved stability as well as enable more functionality from the service for the 21 million M-PESA customers.

On the July 1, 2015, Realtime Settlements (RTS) was launched.
This platform allowed businesses that use Lipa na M-PESA to transfer funds from their Lipa na M-PESA accounts to their bank accounts.

27 million

M-PESA 1Tap
On May 10, 2017, M-PESA 1Tap was launched. This innovation will reduce the number of steps it takes to complete an M-PESA transaction, currently about 8 steps. The platform had clocked 27m customers.
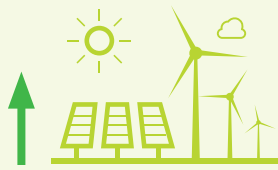
227 million

PAY

Received
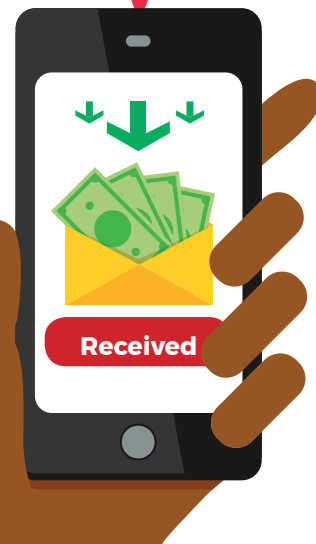
When we come together, great things happen. Twaweza
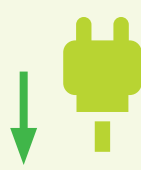
Our Sustainable Future ▶

Sustainability at Safaricom

155

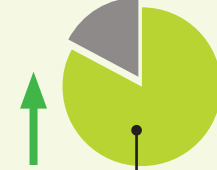No. of sites transitioned to renewable energy up from 133 sites last year.

47,511

Cost of energy in shillings consumed per site per month a reduction from 48,614 in the last FY

224

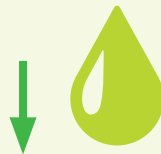Amount of E-waste recycled – tonnes up from last year's 202 tonnes

83%

No. of staff familiar with the SDGs as per the People Survey

0

No. of fatalities in FY18.

89,800

Water Consumption in cubic metres a reduction from last year's consumption of 96,650 m3

98%

No. of staff trained on ethics which is similar to FY17

Fraud dismissals

Anti- corruption corrective measures (at year end)	2015	2016	2017	2018
Fraud cases investigated	29	29	33	57
Disciplinary warnings	13	13	14	10
Dismissals	58	18	52	43
Cases reported to law enforcement agencies	4	2	3	3

Diversity and inclusion numbers year-on-year

Disabilities	2016	2017	2018	2020 Target
Persons with Disabilities	1.2%	1.4%	1.7%	5%

Our sustainability progress in figures
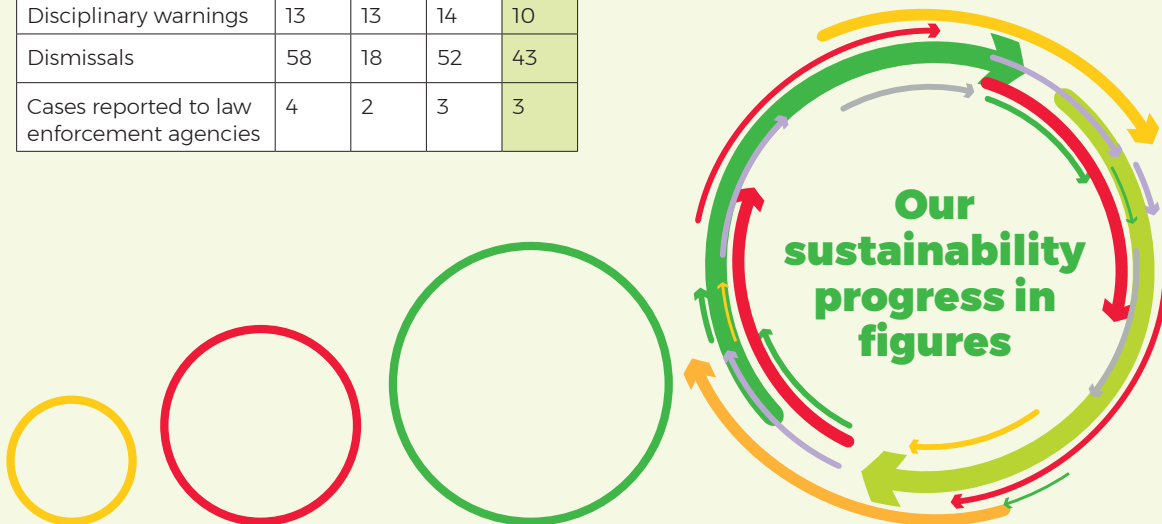
Integrating the Sustainable Development Goals:
Our nine priorities

Deep dive into the goals

We provide highlights of some of our contributions towards the SDGs in the section below :

Goal 3: Leveraging our mobile technologies to deliver health services. In partnership with Pharmaccess, we have developed M-Tiba, a mobile health payments platform that allows for health savings through a closed loop wallet, and real-time management of health payments and claims. To date, MTiba has over one million lives on its platform. In the year under review, MTiba won the Loeries Shared Value award.

Goal 4: Increasing access to education through innovative solutions and partnerships. In partnership with Eneza, we have grown the user base of Shupavu, a SMS and web-based learning and revision platform to 3,503,120 unique (number of) users.   Shupavu provides affordable revision content at Ksh 10 per week,

Goal 7: Increasing the use of clean energy. Though our Net Zero by 2050 Programme, we continue to improve our network and facilities energy efficiencies. We continuously upgrade our equipment and set a target of 10% reduction per year. We are also implementing carbon mitigation initiatives
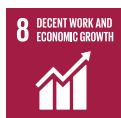
Goal 8: Providing decent work opportunities within Safaricom and its broader ecosystem. We have committed to paying a living wage to outsourced staff. We continue to expand our dealer and agent network which employs over 150,000 Kenyans directly.

Three years ago, the United Nations launched the 17 Global Goals (SDGs). These Global Goals aim to **end extreme poverty, fight inequality** and injustice. They also seek to tackle, among other important initiatives, climate change. We launched the SDG business strategy in July 2016. Over the past year we have worked on our 9 goals with varied results.

We made a commitment to **deliver connectivity and innovative (Goal 9)** products and services, that will provide unmatched solutions to meet the needs of Kenyans by **enabling access (Goal 10)** through our technologies and **partners (Goal 17)** and by exploring opportunities in **Health (Goal 3), Education (Goal 4)** and **Energy (Goal 7).** We will do so by managing our operations **responsibly (Goal 12)** and **ethically (Goal 16).** This will **stimulate growth** and **generate value (Goal 8)** for our company, society and economy.

Goal 9: Delivering connectivity and innovative products and services. We have expanded our network coverage to reach out to underserved sections of our population under the universal service fund. Fibre to the home has grown year on year, currently we are 141,000 homes passed.

Goal 10: Reducing inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups. We have a business commitment to increase the percentage of workforce comprised of differently abled persons to 5% by 2020. Currently we are at 1.7%.

Goal 12: Responsible Production and Consumption entails decreasing our environmental impact and promoting responsible behaviours among all our stakeholders. We have rolled out an integrated waste management programme we are currently recycling 97% of our waste. We have reduced our consumption of energy, water and fossil fuels by 10% from the previous year's consumption. We have grown our shipments by sea to 66% from 61% last year, and have incorporated energy saving metrics in all tenders where applicable.

Goal 16 is about managing our operations responsibly and ethically and fighting corruption in all its forms. We assessed high risk suppliers on labour rights, ethics, human rights, Business Continuity Planning, and Information Security Management System. We have put in place policy measures to ensure safety of our children online, and compliance with KYC regulations.

Goal 17 is about Partnership for the SDGS, and building the collective capacity of people organisations and nations to promote and advance the SDGs. **We supported the establishment of a vibrant B Team Africa to catalyze responsible business practices on the continent.**

Focus on Our Four Material Matters

Our material matters remained the same as was the case in the last financial year - Governance, Risk and Regulation; Innovation; Network Quality and Environmental Responsibility. In the course of the year, we implemented a number of initiatives geared towards making Safaricom a more purpose driven organization:

Towards Net Zero Carbon Footprint
As Safaricom network grows and becomes sophisticated, our demand and impact on Natural resources also grows exponentially. We have committed to reducing our environmental footprint.

Our carbon footprint, comprises:
Scope one emissions – the diesel consumed;
Scope two emissions – electricity from the grid;

Scope three emissions – transportation – fleet and flights.

In 2017 we managed to grow the network while ensuring that the footprint didn't grow. This was as a result of a decrease in diesel consumption. Energy efficiency measures put in place include, installation of low voltage auto phase selectors, cyclic batteries and conversion of genset sites to KPLC connections. Changes in energy mix have greatly contributed to this decrease

Science Based Targets
Our aspiration is to be a carbon neutral company by 2050. Steps taken towards achieving this include:

Setting of science based targets
Rolling out of clean and renewable energy solutions

From our science based targets we have set ourselves milestones to achieve as follows through our renewable/ clean energy solutions:

A reduction by 15% by the year 2020
43% by the year 2030
74% by the year 2050
The balance of 26% will be offset through other initiatives

Diversity And Inclusion

Gender Equality in our Workplace
Despite having a gender balanced overall workforce, the progress in increasing the number of women in senior management and executive leadership remains slow. Through programmes such as Women in Leadership, we aim to accelerate the growth of more women leaders in business in the years to come. To attain

balanced gender ratios, we will continue with our focus on streamlining our processes on recruitment, retention and growth.

Employees by Gender & Diversity (%)	2016		2017		2018	
	M	F	M	F	M	F
Permanent Staff (overall)	50%	50%	49%	51%	50%	50%
Executive Leadership	57%	43%	75%	25%	75%	25%
Senior Management	67%	33%	68%	32%	68%	32%

Supporting the Differently Abled
During the period under review, we grew the proportion of our differently abled workforce from 1.4% to 1.7% a gradual progression toward the target of 5% by the year 2020. As part of our commitment to supporting the differently abled, we continue to redesign our office premises to make them disability friendly.

Disabilities	2016	2017	2018	2020 Target
Persons with Disabilities	1.2%	1.4%	1.7%	5%

Women in Leadership
Safaricom is committed to growing and retaining the number of women in leadership. In the year under review, 26 female Senior Managers attended a Women in Leadership Training; two female EXCO members attended a Women Directors training programme and 30 female staff were certified as Productivity and Engagement coaches, and are building capacity for women coaching and mentorship. We also sponsored five women for executive coaching.

Women in Business
In the period under review, we set for ourselves a target to increase the number of women led or owned businesses in our supply chain from the current 2.3% to 10% by the year 2020. This is in line with our commitment to Sustainable Development Goal 10 – Reduced Inequalities. Although we made good progress in increasing the number of women owned business suppliers from 113 to 1243, the volume of business given to the group remained at 2.3% of the total volume. To grow the volumes, our supply chain team held three capacity building workshops for women owned businesses. Going forward in the new financial year, we have made concerted effort in recruiting more women led businesses in high value categories such as IT and networks.

Integrated Waste Management Programme
In the year under review we developed and rolled out the Integrated Waste Management (IWM) policy in 5 corporate office facilities. IWM is based on a hierarchical waste management approach that combines different methods of waste management in various levels of preference. Safaricom's IWM most preferred waste management method is avoidance and reduction in line with SDG 12: Sustainable production and consumption. From the start of its implementation, Safaricom has been able to recycle and re-use up to 97% of the waste generated and is in the process of phasing out materials contributing to the 3% residual waste by adopting recyclable alternatives at point of entry. In the FY 2018/19 we remain focused on rolling out IWM implementation in 32 regional facilities which will include retail centers within the greater Nairobi, MSRs and mini stores.

ISO 14001 recertification
Safaricom got the ISO 14001 recertification which was also a successful transition from the ISO14001:2004 version to the ISO 14001:2015 version with an extended scope covering the Mombasa MSRs.

SUSTAINABILITY ADVOCACY

THE B TEAM
The B Team is a not-for-profit initiative formed by a global group of business leaders to catalyse a better way of doing business, for the wellbeing of people and the planet. Safaricom CEO is part of the Founders circle of the B team. To inspire an increased number of African business leaders to help lead this transition we replicated the model and composition of the B Team within Africa to create the B team Africa. The B Team Africa has been seeded and incubated by Safaricom Plc. The B Team Africa serves as a platform to enable African business leaders address critical priorities to realizing their business's and country's progress such as anti-corruption, responsible tax and transparency, renewable affordable and clean energy, environmental preservation, diversity inclusion, human capital investment and civic rights. The B Team Africa was formally launched at the Africa CEO Forum in Abidjan in March 2018.

The 2017/2018 Sustainability Report will be available online from November 2018

1.7%
During the period under review, we grew the proportion of our people with disabilities from 1.4% to 1.7% a gradual progression toward the target of 5% by the year 2020.

ISO 14001
Safaricom got the ISO 14001 recertification which was also a successful transition from the ISO14001:2004 version to the ISO 14001:2015 version with an extended scope covering the Mombasa MSRs.

> **In the period under review, we set for ourselves a target to increase the number of women led or owned businesses in our supply chain from the current 2.3% to 10% by the year 2020.**

Our Social Impact

When we come together, great things happen. Twaweza

Partnering with Communities

Our Foundations

For Our Society

Through its two Foundations, the Safaricom Foundation and the MPESA Foundation, Safaricom continues to partner with Kenyan communities in all 47 counties, in a true embodiment of the Twaweza partnership spirit. The Foundations implement programmes in health, education, economic empowerment, environmental conservation, all in line with the Sustainable Development Goals. We believe that business cannot be successful if society around it is failing. This provides us with the imperative to continue and deepen our community engagements. Over the last two years, we have worked through our Regional Offices in the six regions of the country to ensure that we are even closer to our communities and their needs.

15 Years of Partnering with Communities

Over the past 15 years, the Safaricom Foundation has partnered with communities across the country to implement projects in Education, Health, Economic Empowerment, Environmental Conservation, Water, Arts and Culture, Technology for Good and Disaster Relief. We also applied mobile technology to solve community challenges through our Technology for Good portfolio. We have touched the lives of over 5 million people. This report highlights just a few of our successful and impactful partnerships and programmes. The full detail on the work of the Safaricom Foundation can be found at *www.safaricomfoundation.org*

5 million

Number of lives touched by our various interventions.
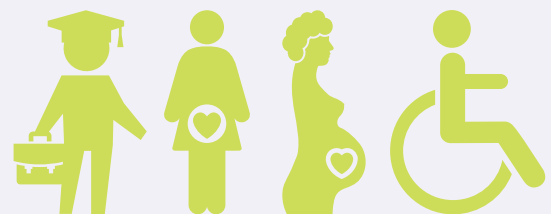
Our Foundations

Ensuring healthy lives and promoting well-being for all at all ages

3 GOOD HEALTH AND WELL-BEING

The doctor to patient ratio in Kenya lies at 1:17000. In addition, many Kenyans never get the chance to access specialized medical services. The Safaricom Foundation partnered with the Kenya Diabetes Management and Information Centre (DMI) to provide a wide range of health information and services (dental care, eye care, general consultations and specialized services) to Kenyan communities country wide. Using diabetes and hypertension as entry points for information and screening, the partnership has delivered 120 medical camps and reached more than 300,000 people. Beyond on-site diagnosis, treatment and prescriptions, hundreds of Kenyans were referred for cataract surgeries, cancer treatment and other life-saving surgical interventions.

120

The number of medical camps deployed reaching more than 300,000 people

Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all

4 QUALITY EDUCATION

In many parts of the country, children do not always have the opportunity to study in well-equipped and well-furnished classrooms. This situation is more common in lower classes, and in Early Childhood Development (ECD) education. With a desire to improve the quality of learning facilities for young learners, in 2001, the Safaricom Foundation partnered with the Tinga Tinga Tales Foundation and Coca-Cola CEWA (Central, East and West Africa) and formed the Know and Grow Education Partnership Programme to improve the learning environment for children in their early years in public sector schools.

Using the poverty index, and through a robust partnership with District Education Offices, the partnership identified the top school in each constituency that needed improvements in their ECD learning environment. To date, 54 schools have new ECD classrooms, furniture, learning equipment; new ablution blocks;

54

The number of schools that have new ECD classrooms, furniture, learning equipment; new ablution blocks; water harvesting equipment; and in some instances, enhancements to the school feeding programme through the establishment of a greenhouse in the school.

7,500

Over 7,500 early learners have started their formal school experience learning in dignified classrooms.

water harvesting equipment; and in some instances, enhancements to the school feeding programme through the establishment of a greenhouse in the school. To date, over 7,500 early learners have started their formal school experience learning in dignified classrooms.

Promoting sustained, inclusive and sustainable economic growth

8 DECENT WORK AND ECONOMIC GROWTH

In 2015, the Safaricom Foundation partnered with Hand-in-Hand International East and Junior Achievement to provide financial literacy and financial management training as well as micro loans to Kenyans. This was in recognition of the fact that access to credit for micro businesses and self-employment is limited.

A revolving loan of Shs. 20 million was established to be loaned out to women organized in groups and to out of school youth. Completion of the financial literacy and financial management training was a mandatory prerequisite to accessing the microloan. Through this programme, 18,000 micro loans were disbursed and 9,870 enterprises established in Homa Bay, Bomet, Busia, Makueni and Kajiado counties. Some 6,458 jobs were created as an indirect outcome.

20 million

The revolving loan amount, established to be loaned to women organized in groups and to out of school youth.

Looking Forward: The New 2018-2021 Strategy

After the successful implementation of its 2014-17 strategy, the Safaricom Foundation embarked on assessing progress in the implementation of the expiring strategy, and developing a new strategy. In its 2018-2021 strategy, the Safaricom Foundation will focus on three strategic areas: Health, Education and Economic Empowerment with a specific focus on young people. The Trustees are committed to ensuring that the Foundation uses its resources in an ambitious, efficient and flexible way that drives positive change in health, education and economic empowerment. The Safaricom Foundation will also allocate a portion of its funding.

Our Foundations

The M-PESA Foundation: Large Scale Programmes

Now in its eighth year after inception, the M-PESA Foundation partners with Kenyan communities to implement large scale programmes in health, education and environmental conservation. The M-PESA Foundation aims to integrate mobile technology into its investments to contribute to a larger scale and scope of programmes. Full details on the work of the M-PESA Foundation can be found at *www.m-pesafoundation.org*

442

Uzazi Salama has trained communities, 442 community health workers and 278 health facility staff; 16 maternal health facilities renovated and 39 equipped (10 scheduled and ready to be equipped)

In Support of SDG3: Ensuring healthy lives and promoting well-being for all at all ages

3 GOOD HEALTH AND WELL-BEING

Uzazi Salama (Safe Motherhood) is the flagship health programme of the M-PESA Foundation. Uzazi Salama is a partnership between the M-PESA Foundation, AMREF Health Africa, PharmAccess Foundation and the Samburu County Government. It aims to improve maternal and newborn health outcomes in Samburu County by addressing key barriers preventing mothers from accessing quality maternal and neo-natal health services.

Uzazi Salama aims to address the three delays that negatively impact maternal health: delay in seeking medical information and services; delay in reaching a medical facility; and delay in receiving adequate care when a facility is reached. Uzazi Salama has trained communities, 442 community health workers and 278 health facility staff. 16 maternal health facilities have been renovated and 39 equipped (10 scheduled and ready to be equipped). The M-PESA Foundation has also performed assessment to improve the quality of maternal and health information and services provided to all 55 facilities; established a transport and referral system and integrated technology into the programme to enable speed and scale. The program has reached 368 mothers.

Community Health Workers and Community Health Volunteers receive regular training and have the opportunity to receive supportive supervision from their peers or supervisor through LEAP (the Learning Enablement Platform); another investment by the M-PESA Foundation. There is a static e-learning centre established for nursing staff at the larger referral hospitals and 150 nursing staff have enrolled so far.

To date, Uzazi Salama project has increased by 8% the numbers of mothers delivering their babies at health facilities and has led to the reduction of maternal and neonatal deaths in the county.

Besides Samburu, the LEAP platform is being used to train and upskill health workers in 12 other counties. LEAP aims to drive lasting health productivity and economic improvements for communities across the country by increasing access to quality, timely and appropriate healthcare services. Some 3,000 Community Health Volunteers have been trained.

Conservation of Environment through restoring Mau Eburu Ecosystem

Located in Nakuru County, Eburu forest, is an indigenous forest among the gazetted forest blocks that comprise the vast 420,000 hectares of the larger Mau forest. The M-PESA Foundation funded the construction of 43.3 kilometres of fencing along with 10 fence gates to protect the forest from encroachment and illegal logging.

The project also established a wildlife water access point in Eastern Eburu Forest and created a 3.5 kilometer electric fence towards the eastern boundary of Eburu-Lake Naivasha corridor.

By increasing and sustaining the forest cover, 7,000 tree seedlings were planted in Morop area of the forest in an exercise undertaken by Safaricom staff, Kenya Defence Forces and the local community.

In the spirit of leaving no one behind, over 660 community members were trained on

43.3km

The Foundation funded the fence construction of 43.3km long with 10 fence gates to protect the forest from encroachment and illegal logging.

7,000

A total of, 7,000 tree seedlings were planted in Morop area of forest by Safaricom staff, KDF and local community.

conservation. Other notable contributions include production of Eburu Map showing key forest features and wildlife corridors. In addition, two new nature trails were developed and new forest roads built. This has been summed up by publishing Eburu Guidebook and since then over 90 books sold to individuals and companies.

Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all


The M-PESA Foundation Academy is a state-of-the-art, co-educational and residential high school providing world class Kenyan education. Driven by leadership, entrepreneurship, technology and innovation, the Academy serves talented but economically disadvantaged students with demonstrated leadership potential. The admission of the first group of students was conducted in January 2016 when the Academy enrolled 94 students, a boy and a girl, from each of the 47 counties. Today, the Academy has 489 students and 40 teachers and 30 administration staff. The M-PESA Foundation Academy has continued to offer quality education to the students with a mix of ICT in provision of education. Students also engage in co-curricular activities such as sports, music, the arts and tech projects. This is aimed at empowering the students to realize their full potential and develop their individual skills to raise leaders, thinkers and doers.

94
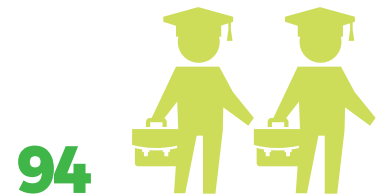
The number of students first admitted to the academy in January 2016. The Academy admitted a boy and a girl from each of the 47 counties.

When we come together, great things happen. Twaweza
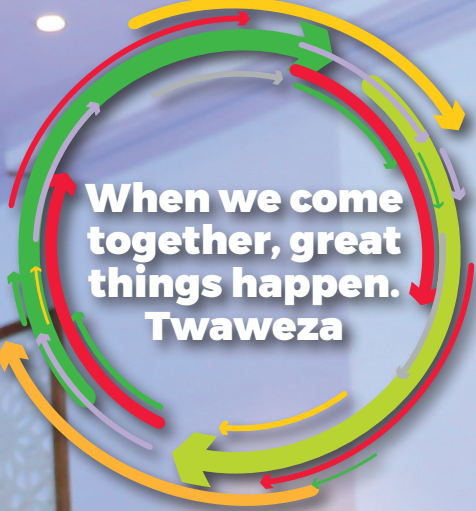
Our Brand Assets

Safaricom in Music and Sports

Music

Safaricom International Jazz Festival Turned Five

The Safaricom International Jazz Festival turned five years this year marked by electrifying performances.

The Festival attracted the highly acclaimed American jazz trio BWB, made up of Grammy Award winners Norman Brown (guitar) and Kirk Whalum (saxophone), and trumpeter Rick Braun.

"The fifth edition of the Safaricom International Jazz Festival has a special place in our hearts for many reasons. Not only are we celebrating five years of great live jazz performances from world renown and locally admired musicians, we are also celebrating the social impact we've created through funds raised from the Festival," said Bob Collymore, CEO, Safaricom.

In the past five years, the jazz event has featured, among others, some of Africa's most celebrated jazz artistes.

These include South Africa's world-renowned jazz musician Hugh Masekela (he has been visiting and performing in Kenya since the mid-1980s), whose influence has inspired many in Africa.

Others include guitarists, Jonathan Butler and Jimmy Dludlu and trombonist Siya Makuzeni and pianist Bokani Dyer.

Local jazz artistes have also done us proud. They include the youthful Afro-jazz group Shamsi Music, Mwai and The Truth, Nairobi Horns Project, pianist James Gogo with GogoSimo band, pianist Zach Amunga's AfroSync, saxophonist Chris Bittok, guitarist

1,200

Beneficiaries of the Jazz Festival. Proceeds from the Festival go towards supporting the Ghetto Classics, a programme that teaches music to youth from Korogocho.

Shs 60 million

Since 2014, proceeds from all ticket sales are donated to the Ghetto Classics music programme, which has been the Safaricom Jazz beneficiary since 2014 and has so far received an estimated Shs 60 million

Eddie Grey, saxophonist Juma Tutu, saxophonist Edward Parseen, and pianist Jacob Asiyo.

Nigerian guitar sensation Kunle Ayo, has made two appearances in Nairobi. Other West Africans who have featured at the Safaricom Jazz Lounge include the seminal Malian singer-guitarist Salif Keita and fellow Fatoumata Diawara.

Proceeds from the Festival - a brainchild of The Art of Music Foundation - go towards supporting the Ghetto Classics, a programme that teaches music to youth from Korogocho.

The Safaricom International Jazz Festival has evolved significantly and is effectively serving to contribute to the diversification of Nairobi's and indeed Kenya's cultural landscape by cultivating a jazz culture.

Since 2014, proceeds from all ticket sales are donated to the Ghetto Classics music programme, which has been the Safaricom Jazz beneficiary since 2014 and has so far received an estimated Shs 60 million, funds that have benefitted over 1,200 children from Nairobi and Mombasa.

Music

SKIZA

In June 2017, we announced a 36 per cent increase in the amount Kenyan artists earn for music sold through the SKIZA music platform.

Musicians now earn 30% on SKIZA earnings, up from 22% they previously earned per song.

The amount is paid through their respective Content Service Providers who then pay the musicians in accordance with the contracts they have signed and in line legal directives.

"The spirit of SKIZA was to ensure that Kenyan artistes earn from their creativity. We will commit to continue to explore more ways in which we can empower artists to help them make a living from their work," said Bob Collymore, CEO, Safaricom.

In addition to an increase in earnings, artistes on the Skiza platform can now keep track of their income on the platform by dialing *622# or by visiting www.skiza.com. The reporting will be available on a real-time basis and will enable artistes to view their own earnings, a shift from the previous situation which saw only CSPs access the portal.

Artists on the platform will further benefit in the form of free legal assistance from Safaricom. This will be in the form of a number of legal clinics and experts in copyright and entertainment law which will be offered in the various SKIZA forums.

The legal assistance will empower artists when it comes to negotiating their contracts with the various parties, allowing them to do so from a more informed view.

SKIZA is one of the platforms created by Safaricom over the last sixteen years to provide a forum for Kenyan musicians to sell their music and offers them a chance to reach the company's 29.6 million subscribers. There are currently 11 million users of the service, which houses over 132,000 tunes.

Sports

The main association for Safaricom in the world of sports continues to lie with various sports initiatives including the Chapa Dimba Na Safaricom Football Tournament, Sports Personality of the Year Awards (SOYA), Safaricom Athletics Series and the Safaricom Marathon held in Lewa.

Chapa Dimba

The Chapa Dimba Na Safaricom Football Tournament was aimed at recruiting young talent aged 16 to 20 years from all regions of the country to play in a national tournament and showcase their talent. The winning boys' and girls' teams received Shs1 million in prize money and an International Training Camp to London in March 2018.

In the inaugural Chapa Dimba na Safaricom tournament, Kapenguria Heroes, a team from West Pokot, and Plateau Queens from Nyanza emerged winners, earning KShs 1 million in prize money and a trip to London to train with Victor Wanyama.

Wanyama, who is the captain of Harambee Stars and the only Kenyan playing in the English Premier League, at Tottenham Hostpurs, was the face of the programme.

Two players who participated in the tournament, James Omsinde and John Njuguna, got call-ups to the national under-20 team while David Majak, Fredrick Krop and Oscar Kengwa were signed up by Kenya Premier League teams.

The finals were held at Bukhungu Stadium in Kakamega County and featured the top 15 of the 1,567 teams that participated in the tournament.

Recruitment of the talented boys and girls from around Kenya started in June 2017.

Nairobi region had 167 teams, Nyanza 235, 80 from North Eastern, while Western, Rift and Eastern regions had 197, 352 and 189 teams respectively. The Coast region had 163 teams with 184 from Central signing up.

Safaricom invested Shs 100 million towards the program, which included Shs 10 million worth of prizes as well as for renovation of some of the community pitches through a legacy programme to provide football related equipment to assist the grassroots teams.

SOYA

Shs 16 million

In December last year we also announced Shs16 million funding for the country's Sports Personality of the Year Award, one of Kenya's most important calendar sports event, which was founded by globally acclaimed athlete Paul Tergat

The Safaricom Marathon in Lewa

The Safaricom Marathon has grown from a comparatively small event to one of the toughest races and a must-do for marathon enthusiasts, raising over Shs 675 million since inception.

Funds raised by the Safaricom Marathon are geared towards wildlife conservation and development initiatives, among them; Lewa Conservancy, Northern Rangelands Trust, Mt. Kenya Trust, Ngare Ndare Forest Trust, Space for Giants, Koiyaki Guide School, Olare Orok Conservation Trust, Lamu Marine Conservation Trust, Watamu Turtle Watch, Bongo Surveillance Project, Kibodo Trust, Tsavo Trust, Ol Pejeta Conservancy, Big Life Foundation and Borana Conservancy.

For the last 18 years, the Safaricom marathon has had a huge impact on the lives of communities in Lewa and the protection of the endangered species in the conservancy and across the country.

We remain committed to supporting this cause because we have seen the difference it's making to wildlife conservation and to the communities in and around the projects we support.

The marathon has supported the conservation of some of Kenya's highly endangered species, notably the Black Rhino, the Leather-back Turtle, Grevy's Zebra and Mountain Bongo.

In addition, the funds support community initiatives around education, healthcare, employment and economic empowerment in different geographies, with beneficiaries spanning Central, Northern, Western, Rift and Coastal regions.

The brand is today viewed as caring which we can attribute to the various initiatives under the Safaricom Foundation and recently, our Twaweza Live campaign.

Safaricom Athletics Series

Over the last decade or so Safaricom has invested close to Shs1 bn in various athletics events. In the last three years, we have brought these events together under the banner of the Safaricom Athletics Series. In FY 18, we committed Shs65 million towards Safaricom Athletics Series.

Through this Athletics Series avenue, we have seen the opportunity for more young men and women from all over the country to realise their dreams of excelling in sports, and remain committed to providing a platform from which they can launch their careers and receive valuable training as they seek to represent Kenya at the highest levels of sport.

By working closely with our partners – Athletics Kenya, Deaf Athletics Association of Kenya and the National Paralympics Committee – we have developed a strong athletics calendar that has resulted in local training opportunities for our athletes, who are using various races to prepare for international meets.

Sports

Breaking the two-hour marathon barrier

Safaricom has joined hands with the Vodafone Group to deliver industry-leading Internet of Things technology to Kenyan athletes in a bid to help them break the two-hour marathon mark.

The athletes are trying to shave at least two minutes off the World Record 2:02:57 set by Dennis Kimetto in September 2014 at the Berlin Marathon.

Safaricom and Vodafone are working with a group of specialist scientists, the world's best marathon runners, and other industry partners in a project called SUB2 (www. sub2hrs.com) to help break that record.

Vodafone has built a SUB2 smart watch app to provide telemetry with enhanced location tracking using mobile networks.

SUB2 aims to leave a legacy for athletics by demonstrating how science and technology can fairly help athletes improve their performance.

Working with partners, Vodafone engineers enabled a series of body sensors to communicate with the SUB2 app over a mobile network.

On contact time, cadence and strike angle, motion sensors from Gait Up, a spin-out from the University Hospital of Lausanne and the Swiss Institute of Technology of Lausanne provide running efficiency metrics that will help physiologists working in coaching teams to determine an athlete's running mechanics and communicate advice for injury avoidance and performance enhancement, even while they are still out on a training run.

For 3D visualisation, technology from a start-up called Notch can reconstruct running movements in 3D on a

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2:02:57

The athletes are trying to shave off at least two minutes off the World Record 2:02:57 set by Dennis Kimetto in September 2014 at the Berlin Marathon.

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smartphone or laptop, which can help those responsible for an athlete's care and performance implement corrective running strategies.

For skin and land surface temperature, the SUB2 app uses sensors from French lab Bodycap to inform athletes if they are hotter than expected during a run and should change their water intake strategy. The team expect to also be able to show core temperature within the app in the near future.

The technology, which was demonstrated at the Mobile World Congress in Barcelona, Spain earlier this year, is currently in use at the Iten and Eldoret training grounds in Kenya. The technology has been deployed on a two kilometre stretch within the hilly Iten area, and a 16 kilometre stretch on the flat South Moiben route in Eldoret.

The sensors give coaches live access to real-time data as athletes train, helping them understand the root causes of injuries or performance degradation, and how these can be avoided.

Safaricom marks 5 years in Deaf Half Marathon sponsorship

Safaricom has partnered with the Deaf Athletics Association of Kenya to sponsor the Safaricom Deaf Half Marathon in Meru. The marathon now in its 5th edition bring together deaf athletes from all over the country.

The annual event includes 21Km and 10Km races for both men and women, with the top three in the half marathon walking away with Shs75,000, Shs 65,000 and Shs 55,000. The winner, 1st and 2nd runners up in the 10Km race takes home Shs 30,000, Shs20,000 and Shs 10,000 respectively.

"This event has become very important in our athletics calendar, as it shows us the form our athletes are in before the season begins. Most of the expected participants are already in training, and we expect a fantastic show this weekend," said Bernard Banja, Secretary General – Deaf Athletics Association of Kenya (DAAK).

Last year Safaricom spent Shs5 million sponsorship. As the race has gained more prominence within the DAAK calendar, Safaricom has gradually increased its

Shs75,000

Amount the winner of the half marathon takes home

sponsorship from the Shs2 million support given in the race's first year.

In 2013, Kenya received a total of 17 medals during the 22nd Summer Deaflympics games held in Sofia, Bulgaria, placing the team 8th out of 72 countries that took part in the competition.

In June 2016, Triple World Deaflympics Champion Simon Kibai retained his title after clocking 13:59:02 in the men's 5000m race at the National Deaf Track and Field Championships. A week before that Kibai had defended his title in the 21km Safaricom Deaf Half Marathon held in Bomet County, finishing in a time of 58:46:02. The Safaricom Deaf Half Marathon is the first of 11 races under the 2017 edition of Safaricom Athletics Series.

When we come together, great things happen. Twaweza

Our People

Revamping our culture

Safaricom Way

In the period under review, Safaricom recognized and celebrated teams and individuals who embodied Safaricom way of SPEED, SIMPLICITY AND TRUST. Through the Safaricom way hero stories, 15 teams and 9 individuals were recognized for actively displaying the Safaricom way as they carried out their jobs. From this group two staff members were awarded with an opportunity to visit Vodafone in the United Kingdom later this year to attend the Vodafone Customer Experience event.

Diversity and Inclusion

Our purpose challenges us to look at the most immediate needs of our society, and find solutions that transform lives. Our focus on Diversity and Inclusion is an intentional effort towards ensuring inclusivity for all in the community. In financial year 2017/18, we continued to embed diversity and inclusion as a way of life.

During the period under review, we accelerated efforts to ensure Safaricom mirrors the communities we serve. The company continues to position itself

as the employer of choice through four interdependent levers of Attraction, Retention, Growth & Development and Driving Change.

Gender: Overall, we have maintained a gender-balanced workforce of 50:50 whilst management has also remained at 68:32 with an ambitious plan to achieve 50:50 by FY 2020/1

Persons with disabilities: 1.7% of our staff force is composed of persons living with

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Our focus on Diversity and Inclusion is an intentional effort towards ensuring inclusivity for all in the community.

disabilities. We have an ambitious goal of increasing this to five per cent by March 2021. Safaricom has so far employed ninety-six members of staff with various disabilities including visual and hearing impairments, paraplegics, and people living with albinism and dwarfism. Our desire is to create an employee value proposition that positions us as an inclusive, equal opportunity employer, not because we are required to, but because it is the right thing to do.

Supporting people living with disability

Our intention is not only to offer employment opportunities to persons with disability, but also to ensure that we provide a condusive working environment for them to realize their full potential. To this end, we have gone an extra mile to enhance our support concerning their diverse range of requirements specific to the nature of disability. These includes, enhanced medical cover, assistive devices, inclusive physical environment, emergency response equipment for persons living with disabilities and psychosocial support for staff as well as employees who have children with disabilities. In addition, we conducted

70

Certified coaches and 460 line managers who received training on coaching skills representing 76% of total line managers.

50:50

Overall, we have maintained a gender-balanced workforce of 50:50 whilst management has also remained at 68:32 with an ambitious plan to achieve 50:50 by FY 2020/1

support employee wellness, performance management, and leadership development. It is Safaricom's goal to instil a culture of coaching in order to empower talent and inspire new levels of innovation, unconventional thinking, and workplace agility.

Coaching is used in Safaricom to develop people's skills and abilities, boosting performance individually and as an organization. We now offer online coaching programs via staff eLearning portal. Over 70 certified coaches and 460 line managers were trained on coaching skills representing 76% of total line managers. All the executive leadership have started their coaching certification journey with an aim of completing before end of 2018/19 financial year. Our mission is to embed a coaching culture within Safaricom, where everyone acts and interacts like a coach actively coaching or being coached.

Safaricom Women in Leadership Programme
Safaricom Women in Leadership Programme aims at building an inclusive leadership culture that gives equal opportunities to men and women within the company. This move has in turn supported our goal of achieving diversity in leadership, improving our performance and allowing us to open up more opportunities to more women within the business.

In financial year 2017/18, fifty-seven women attended the Safaricom Women in Leadership Program. While thirty women were certified as productivity and engagement coaches in the business to build capacity for women coaching and mentorship. We also sponsored five women for executive coaching.

Rewarding Our People
As a business, we seek to develop not Rewarding our people. In an effort to ensure we communicate our reward offering, we re-introduced reward statements for all staff that outline the total value of their reward package and

various trainings to create awareness and sensitize staff in a bid to eliminate stigma and discrimination. During the year, we embraced inclusive communication that entails captioning of Safaricom videos, inclusion of persons living with disabilities in our advertisements and sign language interpretation in our key events. Seventy-two staff members were trained in basic sign language.

Talent Management
Safaricom continues to invest and build its talent across the organization to ensure capacity and capability building stays ahead of business demand. Our members of staff determine our success, Safaricom is hence keen to ensure increased staff engagement, and continued improvement in productivity. As a digital first organization, we are constantly investing in capacity to innovate for continuous transformation and organizational agility.

Coaching
During this period, we introduced a coaching culture within the organization's teams. An examination of various companywide reports, surveys, and feedback has highlighted the need to develop and ingrain a coaching culture to

"Coaching is used in Safaricom to develop people's skills and abilities, boosting performance individually and as an organization.

is a useful financial planning tool. This emphasizes our commitment to the wellbeing of our people and is aligned to our purpose of transforming lives. We have also introduced an interactive Reward portal to ensure staff have access to information on our reward offering.

Culture

A critical component of the digital journey is our employees. We have identified the Safaricom Culture and are aligning these culture elements to our purpose, brand promise and our values. The elements include Purpose, Humanness, Growth and Trust. Culture is at the core of who we are as an organization, what sets us apart. Safaricom Culture will bring about the following outcomes, an admired brand, engaged and happier employees, innovation, personal and business growth, trust and collaboration across disciplines. Through implementing culture across members of staff, our people will live the Safaricom purpose and values in their interactions with customers and community every day, everywhere.