



2023 SUSTAINABLE BUSINESS REPORT

# PATHWAY TO A PURPOSE-LED TECHNOLOGY COMPANY





## HELP US IMPROVE OUR REPORTING

Through this report, we aim to provide a clear and meaningful understanding of what sustainable business means to Safaricom, how it unites us and informs our approach to Transforming Lives. We welcome all constructive feedback, which can be shared via email to [sustainability@safaricom.co.ke](mailto:sustainability@safaricom.co.ke)



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# OUR BUSINESS

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# INTRODUCTION TO OUR 2023 SUSTAINABLE BUSINESS REPORT

## ABOUT OUR THEME: PATHWAY TO A PURPOSE-LED TECHNOLOGY COMPANY

This report sets out the milestones on our path to becoming a purpose-led technology company. It describes our actions, opportunities and challenges in empowering the tech ecosystem in Kenya and beyond as we work to Transform Lives across every level of society, business and Government. In a challenging year, we navigated significant headwinds and delivered exceptional outcomes highlighting a forward-looking, innovative, integrated organisation committed to Transforming Lives.

## ABOUT THIS REPORT

This 12th Sustainable Business Report highlights our efforts to transform the lives of our stakeholders. We report transparently on our successes and our setbacks, with narrative supplemented by four-year data trends to provide relevant, material and comparable information.

We cover highlights, stakeholder issues, the progress made in FY23, together with our future focus areas, all of which are important to our business and of interest to our various stakeholders. This report covers our fiscal year from 01 April 2022 to 31 March 2023. For a more detailed overview of the

value we add to our stakeholders and our impact on society, this report should be read together with the 2023 Safaricom Annual Report and Financial Statements.

## SCOPE AND BOUNDARY

We aim to present information that is relevant, material, complete and comparable. This report covers our operations in Kenya, as we only began operating in Ethiopia halfway through FY23 (6 October 2022). However, we have included an overview of Safaricom in Ethiopia on pages 5-7.

## OUR REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. Our report also serves as our Communication on Progress – an explicit responsibility of our continued membership of the UN Global Compact (UNGC) and the Global Compact Network Kenya (GCNK).

## RESPONSIBILITY FOR OUR REPORTING

The Board is responsible for ensuring that sustainability is at the heart of our overall business strategy. For more information on our governance structure and the responsibilities of the relevant governing bodies, please refer to the governance section of the 2023 Safaricom PLC Annual Report and Financial Statements.

On behalf of the Board, we acknowledge that our responsibility is to ensure the integrity of this sustainable business report and we are confident that it presents the progress we have made towards our goal of building a more sustainable future with accuracy and impartiality.



**Adil Khawaja**  
Chairman



**Peter Ndegwa**  
CEO





# SAFARICOM AT A GLANCE

 **2 000**  
YEAR FOUNDED

 **HQ**  
NAIROBI

**6 325**  
TOTAL NETWORK SITES



 **5 362**  
PERMANENT  
EMPLOYEES

 **43.75m**  
TOTAL CUSTOMERS

2G

NO. OF 2G-ENABLED  
NETWORK SITES

**6 325**

**97%**

OF THE KENYAN  
POPULATION  
CONNECTED

3G

NO. OF 3G-ENABLED  
NETWORK SITES

**6 316**

**97%**

OF THE KENYAN  
POPULATION  
CONNECTED

4G

NO. OF 4G-ENABLED  
NETWORK SITES

**6 232**

**97%**

OF THE KENYAN  
POPULATION  
CONNECTED

 **432**  
DEALERS

 **262 309**  
M-PESA AGENTS

 **65.7%**  
MARKET SHARE  
(% OVERALL SUBSCRIBERS)

 **311b**  
TOTAL REVENUE  
IN FY23 (KSh)

 **14 000km**  
FIBRE OPTIC FOOTPRINT

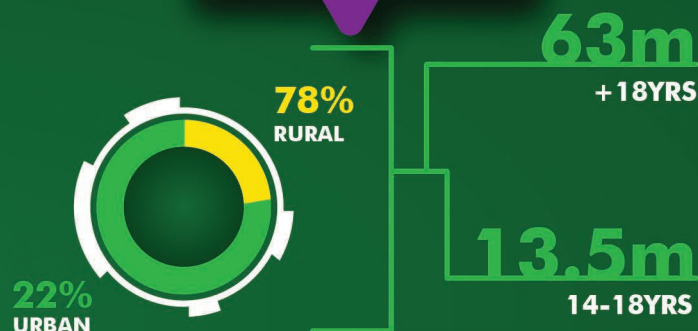


# OUR ETHIOPIAN OPERATIONS AT A GLANCE

## MARKET CONTEXT & OPPORTUNITY

**119m**

POPULATION



**35%**  
FINANCIALLY  
INCLUDED

**57%**  
MOBILE  
PENETRATION

**\$4.2b**  
ANNUAL INWARD  
REMITTANCE

**10K**  
LARGE ENTERPRISES

**240K**  
SMALL & MICRO  
ENTERPRISES

## OPERATING CONTEXT

### MACRO-ECONOMIC

- GDP – Growth in 2023 expected to be 6.2% compared to average of 9.1% (2011- 2020)
- Rising inflation – at 34.2% as of March 2023<sup>1</sup>

### REGULATORY

- Ethiopian telecom privatization – 45% of Ethiopian telecom privatisation was announced in February 2023
- Telecoms licence – Ethiopian Communication Authority (ECA) is expected to issue an Expression of Interest for the 2nd private telecom entrants
- Financial liberalisation – Government is still keen on liberalising other industries including opening the mobile financial services and banking sectors

## PERFORMANCE HIGHLIGHTS

**2.1m**  
90-DAY ACTIVE  
CUSTOMERS

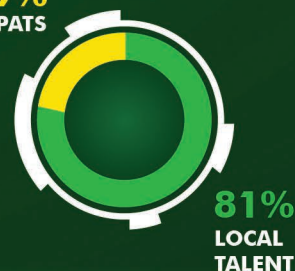
**22%**  
POPULATION  
COVERAGE

**114**  
DISTRIBUTOR SHOPS

**44 000**  
POINTS OF SALE

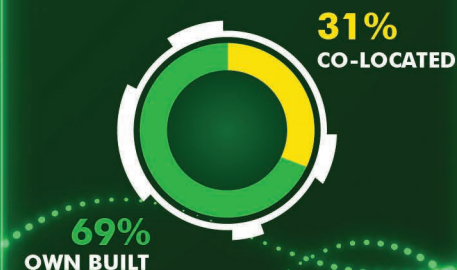
**909**  
PERMANENT EMPLOYEES

**19%**  
EXPATS



**FASTEST DATA  
NETWORK IN  
ETHIOPIA**

**1 272**  
NETWORK SITES



<sup>1</sup> Ethiopia is classified as a hyperinflationary economy by the IASB on or after 31 Dec 2022. Accordingly, Safaricom Group has applied IAS 29 Financial Reporting in Hyperinflationary Economies on Ethiopia related numbers at consolidation level



# ESG OVERVIEW: ETHIOPIA

 ACHIEVED

 IN PROGRESS

## ENVIRONMENT

### NET ZERO BY 2050



Total Network Sites  
**1 272**



**517** sites - Ethiopian Electric Utility  
(>90% of the country is renewable energy\*)  
with diesel generators consumption  
1 623m<sup>3</sup> over nine months

\* Grid is mixture of hydro, solar and wind power.



Co-location of **397**  
integrated sites with  
Ethio Telecom



**109** sites use  
diesel generators



**875** self-build  
integrated sites



**31** solar sites solar sites with a  
target of 40% sites on solar by 2030



**5 000** trees planted  
by Safaricom Ethiopia  
and vendors under the  
Green Legacy Initiative

### BUILDING A CIRCULAR ECONOMY



On-boarding process of solid  
waste management services  
providers in progress

"The Green Legacy Initiative is a demonstration of Ethiopia's long-term commitment to a multifaceted response to the impacts of climate change and environmental degradation that encompasses agroforestry, forest sector development, greening and renewal of urban areas, and integrated water and soil resources management."



<https://sdgs.un.org/partnerships/green-legacy-initiative>



## SOCIAL

### SOCIAL OUTCOMES



**921** direct jobs and more than  
**4 128** indirect jobs created



Strong focus on diversity and inclusion:

- **10%** of senior leadership are women
- Of **150** graduate trainees, **55%** are women
- **65%: 35%** (male: female) staff ratio



In progress, development of :

- Human rights programme
- Community engagement processes
- External grievance mechanisms

## GOVERNANCE

### GOVERNANCE ISSUES



ESG & Impact committee formed



**90%** of our suppliers signed up to the Code of Ethical Purchasing and Absolute Rules



Over **97%** of employees completed anti-bribery and corruption training and signed the Code of Conduct



ESG training provided to Nokia and Huawei (**41** engineers trained)



ESG clauses included in agreements (e.g. bribery, sanctions, competition, trade control, etc.)

### TRANSPARENCY / DISCLOSURE



Quarterly reports and Annual Monitoring Report submitted



Continuous reporting of all serious ESG incidents to shareholders and Multilateral Investment Guarantee Agency (MIGA) within the stipulated timelines based on the Environmental and Social Management System (ESMS)



International Finance Corporation (IFC) and MIGA disclosures provided



# MESSAGE FROM OUR CHAIRMAN

## NAVIGATING COMPLEX MACROECONOMIC AND INDUSTRY CONDITIONS

The financial year under review was characterised by multiple global economic shocks including the aftermath of the COVID-19 pandemic, the war in Ukraine, food and energy crises as well as high inflationary pressure. These conditions adversely affected the global economy and many businesses.

During this period, Safaricom faced other significant challenges, such as increased regulatory scrutiny, changes in taxation, political uncertainty surrounding the elections, significant economic slowdown compounded by currency depreciation, drought and famine.

This saw us experience a slowdown in the first half of the year. Still, we saw a recovery in the second half, demonstrating the resilience of our business amidst the challenging macroeconomic conditions.

## ADDRESSING SOCIOECONOMIC CHALLENGES THROUGH DIGITAL TRANSFORMATION

Transforming Lives is at the heart of what we do at Safaricom. Recognising that digital technologies have immense potential to address socioeconomic challenges, we continue to invest in those technologies that touch the lives of communities.

For instance, the ubiquitous M-PESA has revolutionised financial inclusion in Kenya, Africa and the globe. This has been achieved through the provision of accessible, affordable financial services to individuals and businesses, thereby promoting economic empowerment, entrepreneurship and poverty reduction.

Through our sustainable business and social impact programmes, we have invested in innovations such as Daktari Smart, Zeraki Learning, Uzazi Salama among others, all of which leverage technology to Transform Lives.

Other ways in which digital technologies are essential to addressing socioeconomic challenges and contributing to sustainable and inclusive economic development in Africa include:

- Bridging the digital divide by providing access to information, communication and services to previously underserved communities.
- Facilitating automation, streamlining processes and enabling data-driven decision-making.

*“Transforming Lives is at the heart of what we do at Safaricom. Recognising that digital technologies have immense potential to address socioeconomic challenges, we continue to invest in those technologies that touch the lives of communities.”*

ADIL KHAWAJA



- Lowering barriers to entry, enabling the development of new business models and implementing platforms for collaboration and knowledge sharing, thereby stimulating economic growth, innovation and entrepreneurship.
- Improving service delivery by enabling efficient and transparent government processes, healthcare and education systems, together with public infrastructure, for enhanced social outcomes and better governance.

It is crucial to ensure that digital solutions are accessible, affordable, and inclusive, focusing on digital literacy, infrastructure development and regulatory frameworks that support innovation and protect users' rights to truly, transform lives.

*"It is crucial to ensure that digital solutions are accessible, affordable, and inclusive."*

## REALISING OUR PURPOSE

The theme 'pathway to a purpose-led technology company' aligns with our purpose of Transforming Lives and reaffirms our commitment to continue leveraging technology and our platforms to connect people to people, people to opportunities and people to information.

Our strong partnership ecosystem, high levels of connectivity and technology, as well as our innovative products and services, help us to address societal challenges, create and strengthen business opportunities, thereby driving inclusive economic development.

## DRIVING GROWTH

Safaricom's strategic focus on being a customer-obsessed, digital-first purpose-led organisation has driven our growth. We have created products, services and experiences that resonate with our over 43.75 million customers. Understanding and meeting customer expectations and evolving needs are crucial for building customer loyalty, attracting new customers and driving revenue growth.

## HELPING TO REALISE ETHIOPIA'S DIGITAL POTENTIAL

Safaricom's expansion into Ethiopia is a positive step towards enabling the country to realise its digital potential and leverage technology for a more prosperous society. The expansion signifies our commitment to grow beyond Kenya, expand our services and contribute to developing Ethiopia's telecommunications and digital infrastructure.

The recent award of the M-PESA licence in Ethiopia is a significant milestone. Although our roll-out in Ethiopia faced initial security concerns, skills and infrastructure obstacles, we are well-positioned to increase our momentum. We are confident that we will deliver value as we grow the Ethiopia business. The country remains a key part of our strategy to accelerate new growth areas, drive digital connectivity and financial inclusion.

*"The recent award of the M-PESA licence in Ethiopia is a significant milestone."*

## COLLABORATING TO DELIVER SHARED VALUE

To address social and environmental issues, partnerships continue to play a pivotal role in how we deliver shared value. We will continue to partner with like-minded public and private organisations to implement initiatives that positively impact Kenyans. Collaborations of this nature leverage the strengths of different sectors to address complex challenges, drive innovation and foster economic growth which in turn benefits citizens through job creation and improved lifestyles.

We are committed to working with Government, regulators and other stakeholders to strengthen regulation in key sector issues such as mobile money, data privacy and spectrum.

Moving forward, Safaricom will continue to scale partnerships in areas such as health, agriculture, education, financial technology, digital payment solutions, e-commerce and other emerging sectors that align with our digital-first approach. We can create a more equitable and connected Africa by bringing together governments, the private sector and civil society.

## REVIEWING THE CHANGES IN SAFARICOM'S LEADERSHIP STRUCTURES

I am proud of the progress we have made in the diversity of our board where currently 45% of the members are women. This is in line with our target to achieve gender parity by 2025. As a Board, we are happy to note that there are 40% of women in senior leadership. This means that we have a wider range of perspectives, experiences, and skills in the decision-making process, leading to better business outcomes.





These positive developments reflect our commitment to ensuring robust and effective governance, fostering diversity and enhancing our strategic capabilities.

This inclusive, equitable Board helps us to conduct our oversight responsibilities by providing valuable guidance to management. We have remained true to our strategic focus as guided by our purpose to Transform Lives and our vision to become a purpose-led technology company by 2025.

## THE ROAD AHEAD

As a business, we will continuously assess and adapt our strategies to further intensify Safaricom's position as a trusted brand and align with evolving societal expectations and global sustainability goals, especially in becoming a net zero emitting company by 2050.

In the short term, we will continue to focus on scaling technology solutions and executing our strategic goals. These include increasing 4G penetration, expanding connectivity for homes and enterprises and driving innovation in 5G and IoT. We will also continue to prioritise customer-centric initiatives, digital transformation and partnerships to enhance our offerings and deliver value to our customers.

In the medium term, we intend to consolidate our position as a technology company and further diversify our revenue streams. This may involve expanding our financial services, credit offerings and insurance, particularly through M-PESA. Ethiopia will continue to be a key area of investment as we work towards achieving profitability and growth in this country. Other key focus areas include increasing digital talent and utilising big data analytics to drive business strategies and improve operational efficiency.

Our long-term vision is to continue our transformation as a technology leader. Our aim is to be a preferred technology partner for Government, supporting its digitisation agenda as it seeks to be more efficient and responsive to citizens by democratising internet and fintech solutions. In addition, we aim to be a partner of choice for small and medium enterprises (SMEs) and other businesses. We will also explore opportunities for expansion into other geographic areas and seek strategic partnerships to accelerate growth in new areas. Additionally, the company will continue emphasising sustainability, responsible corporate citizenship and aligning our practices with the United Nations Sustainable Development Goals (UN SDGs).

## APPRECIATION

I would like to thank my fellow Board members, our CEO, our employees, our business partners and other stakeholders for their commitment in ensuring our sustained success in FY23. Through their efforts, despite significant challenges in the global and domestic economic landscape, Safaricom has demonstrated resilience, navigated through headwinds and delivered exceptional outcomes.



# MESSAGE FROM OUR CEO

## A CHALLENGING OPERATING ENVIRONMENT

In the past year, we experienced tough headwinds in our operating environment. Similar to the global landscape, our country faced unexpected economic disruptions due to rapidly escalating global commodity prices and increasing energy costs, placing a strain on households. These challenges were further intensified by the adverse effects of climate change, including prolonged droughts and consecutive failed rainy seasons leading to extensive consequences which impacted both communities and businesses. However, we witnessed and benefited from the smooth political transition following the general elections.

Notwithstanding, our commitment to transform lives and build a sustainable business remained resolute. Our dedication to this purpose was acknowledged and endorsed by various stakeholders, exemplified by my appointment as the chair of the private sector-led National Steering Committee on Drought Response, known as “Wakenya Tulindane.” This appointment followed Safaricom’s innovative initiative launched in April 2022 to unite the private sector in providing critical support to vulnerable communities affected by drought across Kenya. Notably, Safaricom PLC and the Safaricom and M-PESA Foundations generously contributed over KSh 300 million towards this noble cause. This cross-sectoral collaboration not only aimed at raising vital funds for drought-stricken areas but also inspired Kenyans to contribute their Bonga points to the “Pamoja Tuungane” initiative, further strengthening our impact.

Thanks to our collective efforts and those of our partners, we successfully raised more than KSh 860 million to make a meaningful difference.

## USING THE SDGs AS A GUIDING FRAMEWORK

For Safaricom, sustainability is not just a good thing to do, but the right thing to do. We have formalised this approach by prioritising nine of the 17 United Nations Sustainable Development Goals (UN SDGs) which we use as a framework to deliver our purpose, adopting a co-creation approach. The bottom-up approach empowers all employees from all levels and functions of the organisation to interpret what the goals mean for their day-to-day work and the functioning of their respective divisions. The top-down approach means we actively track and report on progress on our SDG commitments. Embracing the SDGs has ensured that we stay true to our promise of putting people and planet before profits. During FY23, as outlined in this report, we achieved major milestones under these commitments.

*“Our work in innovating and developing products that address societal challenges has helped to position Safaricom successfully as a partner of choice for our customers, community and Government.”*

PETER NDEGWA





## INVESTING IN GROWTH

Due to the economic shocks, customer disposable income decreased, leading to a higher demand for better value and improved experiences in our products and services. To address this, we launched an ambitious efficiency plan, focusing on price reductions and harmonization across key categories.

We conducted a comprehensive pricing review at the start of the fiscal year, resulting in approximately 30% reduction in mobile data rates and 15% in Voice rates. These reductions were achieved through a combination of above-the-line and personalized offerings. Additionally, we made significant reductions in affordable credit “Fuliza” and paybill charges during the same period. These achievements were possible through prudent cost management, allowing us to provide substantial value to our customers.

We are committed to strategic investments in new growth areas like in IoT and ICT, proactively addressing potential risks and emerging challenges to continually create value for our shareholders. We understand that private sector-driven growth plays a pivotal role in achieving long-term economic sustainability and improving living standards. Consequently, we continue to invest in sectors that foster our country’s economic sustainability. Notably, a significant 78% of our suppliers are locally owned Kenyan organizations, representing 63% of our procurement spend in the reviewed year, showcasing our dedication to supporting local businesses and contributing to the country’s economic prosperity.

## DELIVERING MORE VALUE TO OUR STAKEHOLDERS

The economic shocks of FY23 meant that our customers had constrained levels of disposable income. Accordingly, they sought more value and enhanced experience in our products and services.

We responded by delivering more value to our customers through tailored offerings and significantly reducing our charges for M-PESA and mobile data. On the latter, we reduced the cost of data by 25% per MB which led to over 30% of mobile data customers consuming over 1GB data monthly. This means the price has reduced by up to 75% per MB over the last three years. In addition, over 70% of our voice customers are now on personalised pricing such as Stori ibambe.

We are investing heavily in the Internet of Things (IoT) and Information and Communication Technology (ICT) while remaining ahead of potential risks and emerging issues to ensure we consistently deliver value to our shareholders.

We recognise that private sector-led growth is critical to economic sustainability and a steady increase in household living standards over time. Accordingly, we continue to invest in growth areas that contribute towards the country’s economic sustainability. For example, 78% of our suppliers are Kenyan-owned organisations, accounting for 63% of our procurement spend in the year under review.

## CONTINUING TO INVEST IN OUR NETWORK

We continue to increase our capex spend year on year as part of our strategic intent to enhance quality, coverage and overall experience.

Currently, 97% of our coverage is 2G/3G/4G. A total of 2.3 million 4G devices were added to our network in FY23.

We rolled out 205 active 5G sites to 23 of the 47 counties and plan to roll out more in the coming year. The 5G network offers our customers higher speeds, lower latency and increased bandwidth compared to 4G.

Our IoT use case continued to offer business and company owners the opportunity to realise the efficiencies created by technology. Over 1.2M IoT connections are in asset management, utilities and telematics.

We have now rolled out over 14 000 kilometres of fibre across all 47 counties, with 75% of our sites on fibre. In addition, our network has the capacity to transact 2 600 M-PESA transactions per second.

*“By continuing to invest in our network infrastructure, we are broadening our product range and leveraging emerging technologies.”*

## PARTNERING WITH GOVERNMENT

Safaricom has successfully positioned itself as a partner of choice for Government. We have partnered with both the national and county governments to deploy solutions that benefit the public and contribute to societal progress.

One such example is the Hustler Fund, a loan initiative targeted at micro, small, and medium-size enterprises as well as individuals wanting to start up their own ventures. Over KSh 24 billion had been disbursed to over 15 million Kenyans as at end of March 2023.

Another example is the national fertiliser e-subsidy programme aimed at addressing the challenge of food insecurity by helping farmers access fertiliser at lower prices. Farmers receive vouchers on their phones to redeem for subsidised fertiliser.

We have also partnered in the digitisation of more than 6 000 Government services through eCitizen. In addition, through the myCounty app, we are working with county governments to digitise their services and offerings that is aimed at increasing visibility on revenue collection, easing methods of payment, as well as making it possible for citizens to give feedback to their Governors.

## TRANSFORMING LIVES

We have been proactive in collaborating with both national and county governments to implement solutions in healthcare, education, and economic empowerment, fostering public welfare and advancing societal development. In terms of our impact, we have positively transformed over six million lives, primarily focusing on the economic empowerment of youth, integrated conservation, livelihood, and water programs.

## PROMOTING ENVIRONMENTAL SUSTAINABILITY

We remain committed to environmental sustainability and to undertaking several key projects aimed at furthering the interests of people and the planet.

This is highlighted by the upgrade of 23% of our Base Transceiver Station (BTS) sites to solar and our drive to eliminate the use of diesel in the medium term.

To date, we have grown 1.3 million trees, thereby impacting 12 000 direct and indirect livelihoods and restoring 1 300 hectares of degraded land. Our target is to grow five million trees by 2025 to offset 26% of our carbon emissions.

*“Our target is to grow five million trees by 2025 to offset 26% of our carbon emissions.”*

Given our focus on decarbonisation, it was gratifying to see states at the United Nations Climate Change Conference (COP 27) in Egypt agree to the establishment of a loss and damage fund to support countries vulnerable to climate change.

## ENHANCING FINANCIAL INCLUSION

Financial inclusion in Kenya is currently at 84% with M-PESA directly impacting 32.1 million lives and over three million businesses.

*“M-PESA directly impacts 32.1 million lives and over three million business.”*

To further enhance financial inclusion, we are innovating beyond payments and consumer credit.

During this period, we worked across the industry to introduce merchant interoperability and launched a national QR code which eases payments.

We also introduced the merchant credit proposition in partnership with the KCB Group. The facility will provide access to affordable credit especially for small and micro businesses that have previously been excluded.

M-PESA Go, for children and the Global Pay virtual card are some of the latest offerings that support our customers' digital lifestyles.

## DIVERSITY AND INCLUSION

As part of our diversity, equity and inclusion efforts, our senior leadership now comprises 40% women, while the percentage of women on our Board currently stands at 45%.

In a further effort to drive inclusion, persons with disabilities (PwDs) make up 3% of our workforce, which is within our target of 5% by 2025. In addition 5.1% of our procurement spend is with local marginalised groups including women, youth and PwDs.





We partnered with key industry stakeholders to develop the Industry Digital Talent Programme whereby 617 students graduated with technology and digital related courses. The programme provides relevant work experiences for digital talent through upskilling and employment opportunities.

## SIGNIFICANT MILESTONES IN ETHIOPIA

The significance of our expansion into Ethiopia cannot be underestimated. We launched operations in October 6, 2022 and are pleased to announce the acquisition of a license to provide M-PESA services. In the seven months since commencing our commercial operations, we have achieved notable milestone:

- Building a premium quality, reliable network with approximately 1 300 network sites in 22 cities and regions
- Closing the year with close to three million customers in terms of gross adds and over 2.1 million 90-day active customers
- Establishing 114 distributor shops
- Employing over 900 staff, 81% of whom are Ethiopians and creating over 4 600 indirect jobs.

The liberalisation of key industries by the Ethiopian Government is a positive move that will open new avenues of opportunity for Ethiopians.

Looking ahead, we have identified the need to accelerate network rollout to meet demand. In addition, we have noted low smartphone penetration which is both a challenge and opportunity for Safaricom.

From a reporting perspective, expansion has increased our boundary and scope. In this year's report, we are sharing key performance indicators related to our Ethiopian business and will cover our operations in the country more comprehensively in our 2024 Sustainable Business Report.

## ACKNOWLEDGING THE BOARD

We welcomed Adil Khawaja, as the Chairman to the Board, as well as Ory Okolloh and Karen Kandie. Our Chair and our new directors all have impeccable credentials. Following a rigorous induction, the Board has settled in well and assimilated the new members. I am confident that their experience and expertise will bring important insights and significant value to Safaricom.

Our Board is proud of its gender balance, its wide range of perspectives, experiences, and skills, all of which enrich the decision-making and oversight functions.

## LOOKING FORWARD

We will continue deepening our sustainable business and social responsibility agenda focused on healthcare, education, economic empowerment, the environment and reducing our carbon footprint. Our focus is on scaling technology solutions that will see us fully transform into a tech organisation in the next two years and improving our various digital maturity indices. Through data and analytics, we served our customers better, reduced pain points and enhanced their experience.

I thank our shareholders, communities, business partners, regulators and the Government who enable us to continue providing services that keep Kenya running. I am grateful to our customers who remain at the core of everything we do.

Looking forward, we believe that our business is well positioned to unlock Kenya's economic growth, solve customer and societal issues, as well as deepen digital and financial inclusion. Safaricom will continue to take our place as a leader in this space as we accelerate our progress towards a purpose-led technology organisation.



# OUR ACCOLADES IN FY23

## REPORTING & GOVERNANCE

### TOP CORPORATE TAX PAYER

Honoured as Top Corporate Taxpayer by the Kenya Revenue Authority for the 14<sup>th</sup> year in a row



### INTEGRATED REPORTING

Chartered Governance Institute of Southern Africa and Johannesburg Stock Exchange Integrated Reporting awards:

- Merit award: Regional category



### FINANCIAL REPORTING

FiRe (Financial Reporting) Awards

- Winner: Industrial commercial and services category
- Winner: Integrated reporting category
- 1<sup>ST</sup> Runner up: Environmental and social reporting category
- 1<sup>ST</sup> Runner up: Listed companies' category
- 2<sup>ND</sup> Runner up: Governance category



### BEST LEGAL DEPARTMENT

Awarded Legal Department of the Year – Large Team at The Africa Legal Awards in Johannesburg.



## EMPLOYER OF CHOICE

### TOP EMPLOYER

Recognised as Top Employer in Kenya and Africa (2022) by the Top Employers Institute.



### MOST INCLUSIVE COMPANY

Recognised in the National Diversity and Inclusions Awards & Recognition (DIAR awards) as the Most Inclusive Listed Company.



### INVESTING IN WOMEN

Women In Technology recognised by Accenture for investing in women during the 2022 Gender Mainstreaming Awards.

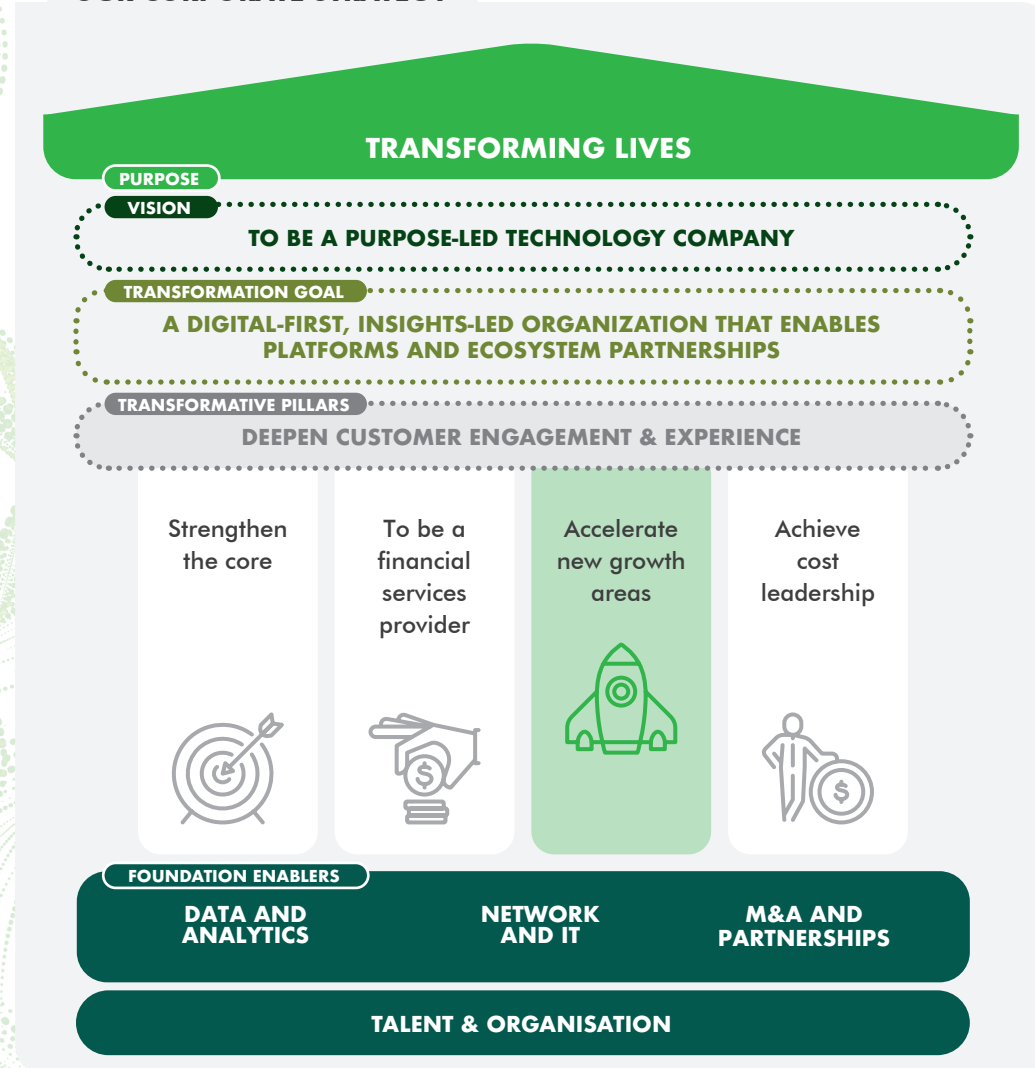




# OUR CORPORATE STRATEGY

Our vision is to be a purpose-led technology company by 2025. Given our progress in select digital ecosystems in recent years, we have now shifted the focus of our third pillar to accelerating new growth areas by delivering a superior customer experience.

## OUR CORPORATE STRATEGY



## UNPACKING THE TRANSFORMATIVE PILLARS OF OUR CORPORATE STRATEGY



To strengthen the core, expand our existing data, voice product portfolio and manage the decline of traditional telco core revenue. Personalise offers for our customers and find new use cases for existing products under voice and data.



Develop and digitise select areas such as health, education and agriculture. Expand M-PESA into a global payment platform, going beyond borders through M-PESA Africa and move into new areas under financial services such as wealth creation and insurance.



Leverage our shared value partnerships within the context of national and local government priorities to further promote socio-economic inclusion and address development gaps in agriculture, economic empowerment, education and health through our Agile methodology which allows quick turnaround and development of new products and improvements.



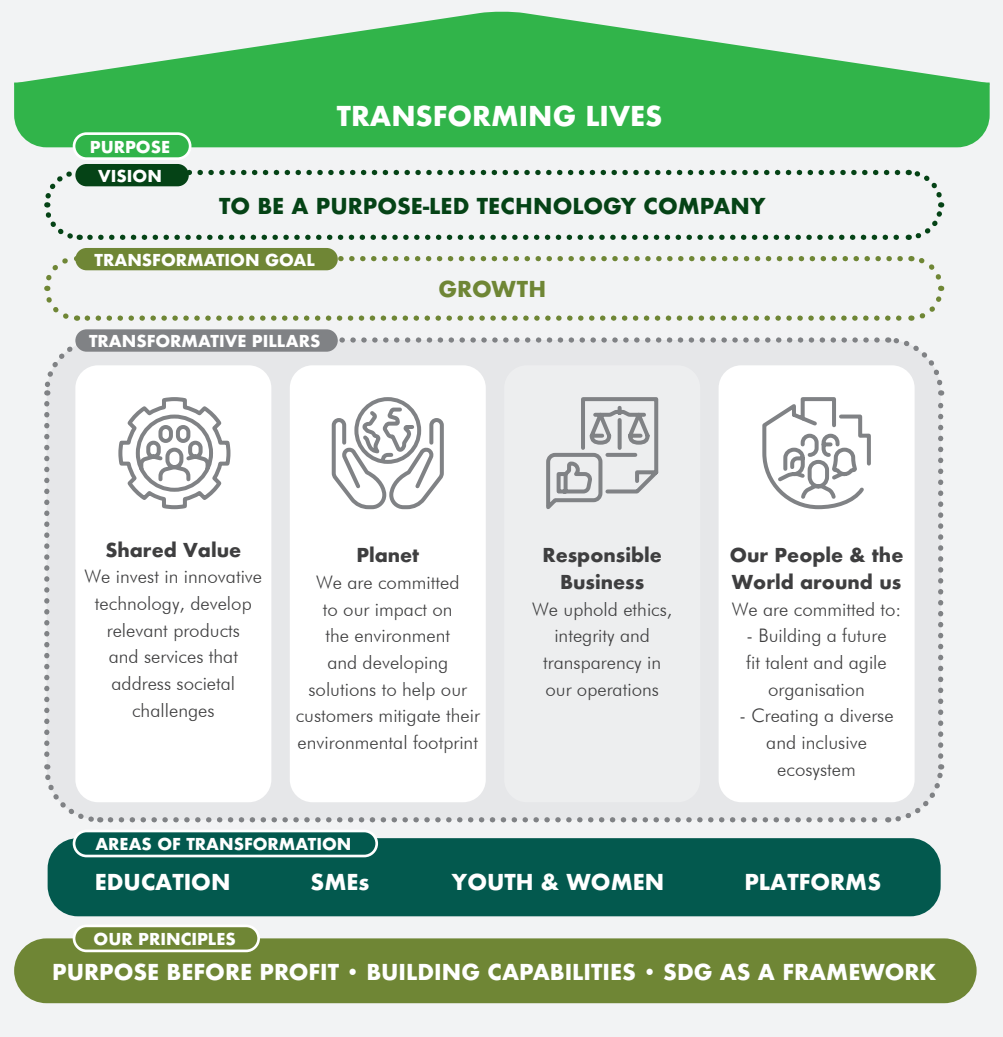
Drive economies of scale to offer our customers value for money across all products and services. Accelerate our cost optimisation journey to fuel new growth areas through smart procurement, digitisation and operating model transformation.

# OUR PURPOSE STRATEGY

Our purpose strategy – Transforming Lives– which incorporates our sustainability strategy, serves as the framework for all our actions. This framework is supported by our four pillars:

- **Creating shared value:** We are leveraging the power of connectivity and digital services to create inclusive business platforms and strengthen the resilience of economies throughout the entire value chain.
- **Planet:** We are committed to managing our impact on the environment and developing solutions to help our customers mitigate their environmental footprint. This means achieving net zero by 2050, building a circular economy and helping society to decarbonise.
- **Operating responsibly:** What we do matters, but so does how we work. Accordingly, we focus on ethics and integrity; anti-bribery and corruption as well as human and digital rights for all.
- **Our people and the world around us:** We create a great place to work and harness the power of our brand and assets to connect Kenyans to opportunities, knowledge and the world. We also invest in communities through our Foundations.

## OUR PURPOSE STRATEGY





# OUR ESG TARGETS

## ENVIRONMENT

### NET ZERO BY 2050



Achieve 20% reduction on Scope 1 and 2 emissions from the network



Purchase or generate 50% of energy needs from renewable sources by installing solar PV and battery storage for 5 000 sites



Grow 5 million trees as part of our carbon offset programme



50% reduction of emissions from supply and value chains



Helping society to decarbonise through digital technologies and services

### BUILDING A CIRCULAR ECONOMY



Reuse/repurpose 100% of our solid waste from our operations



20% growth in E-waste collected y-o-y



Recycle, reuse or resell 100% of our network waste



Zero single-use plastics from our operations

## SOCIAL

### SOCIAL GOALS



Achieve 50:50 gender parity at senior management/leadership, and 5% of workforce PwDs by 2025



Allocate 10% of procurement spend to marginalized groups (women, youth and PwDs)



Health & safety: Zero harm work environment for our staff and business partners; provide spaces for employees to thrive



Make sustainable community investments through our foundations (6 million lives) across healthcare, education, economic empowerment, livelihoods, environment



Leverage our technologies and partnerships to provide access to healthcare for 15 million people and e-learning for 15 million learners

## SOCIAL cont.

### CUSTOMER ENGAGEMENT



Deepen customer engagement through our Customer Obsession strategy

### DIGITAL SOCIETY



Digital skills and livelihoods for 3.5 million people



Connect 28 million people to internet (home fibre and mobile)



Connect 3 million businesses (SMEs and MSMEs) through fibre and 4G LTE

## GOVERNANCE

### GOVERNANCE ISSUES



100% compliance with Code of Ethics by all employees and business partners



100% integration of the UN Guiding Principles and enactment of responsible sourcing principles in our supply chain



50:50 Board diversity



Fit-for-purpose governance structure



Products to support digital rights such as privacy and access to information

### CHILDRENS RIGHTS ADVOCACY



Using our products and services to promote the rights of children and integrating child safeguards into our products

### BUSINESS ADVOCACY ON SUSTAINABILITY



Safaricom Sustainable Future series, UNGC, African Business Leaders Coalition (ABLC), CFO Coalition for the SDGs and SVAI Platforms



# OUR SUSTAINABLE BUSINESS MODEL

## INPUTS

The resources and relationships on which we rely.



### OUR NETWORK

- 6 325 base stations
- 14 000 kms of fibre optic network across all 47 counties.



### OUR PEOPLE

- 5 362 permanent employees



### OUR PARTNERSHIPS

#### Business partners:

- 720 suppliers
- 432 active dealers
- 270 360 M-PESA agents

#### Financial partners:

Alipay, Amazon, Google PayPal, Visa, Central Bank of Kenya, and other financial institutions

**Other partnerships** with educational initiatives, health authorities, regulators

## OUTPUTS

Our products and services, by-products, and waste.



### MOBILE DATA

Mobile broadband services



### MESSAGING

SMS and MMS services



### DEVICES

Handsets, routers and other devices



### VOICE

Prepaid and post-paid voice call plans



### FIXED SERVICES

Fixed, fibre and leased lines, wireless and hosted services



### M-PESA

Mobile money transfer, payments and international remittances



### IOT SOLUTIONS

For applications such as:

- Asset management
- Telematics
- Smart metering

## OUTCOMES

The consequences of our business activities and outputs.

### VALUE FOR THE COUNTRY

Percentage of Kenyan population covered:

2G: 97%

3G: 97%

4G: 97%

5G: 205 sites covering 23 out of 47 counties

Closed at 6 260 fibre-ready buildings

### VALUE FOR SHAREHOLDERS

- Interim dividend of KSh 0.58 per ordinary share amounting to KSh 23.24 bn. Final dividend of KSh 0.62 per ordinary share amounting to KSh 24.84 bn

### TRUE VALUE FOR KENYAN SOCIETY

- Impact on society: 14.6x more than profit generated of KSh 62.3 billion (excluding minority interest)
- Contribution to GDP 5.1%
- Sustaining employment through wider economic impact: 1 159 309 jobs in FY23

### CONTRIBUTION TO THE SDGs



# OUR CONTRIBUTION TO THE UN SDGs

## OUR SUSTAINABLE BUSINESS STRATEGY

The 2030 Agenda for Sustainable Development, launched in 2015, provides a global blueprint for dignity, peace and prosperity for people and the planet, now and in the future. Since 2016, Safaricom has worked to translate this shared vision into our sustainable business strategy

Rather than adopt a 'one size fits all' approach, we prioritised certain SDGs most relevant to our business and where we felt we could have the biggest impact. Since 2018, we have incorporated our priority SDGs into our performance objectives, both as a company and on an individual employee level. Each division is implementing projects or developing products and services in line with the SDGs. Reporting on targets related to the SDGs is now central to our ways of working, and we seek to empower all those with whom we work – employees, partners, and other stakeholders – to set their own.

Safaricom management assumes the responsibility of implementing, monitoring and reporting on sustainability initiatives through seamless integration of the SDGs into the day-to-day operations and functional responsibilities of the business. The Board and management teams are further supported by a team of champions, who assist with the implementation, monitoring and reporting of SDG-related initiatives in each of the squads and teams within our newly implemented agile working structure.

The four transformational pillars of our corporate strategy support our efforts to embed the SDGs into our everyday business activities, priorities and plans. The following table illustrates this by mapping the SDGs against the strategic pillars and our material topics.



### SDG CONTRIBUTION TO EACH MATERIAL MATTER

	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17
Governance, business ethics and risk																	
Regulatory environment																	
Our platforms																	
Environmental stewardship																	
Innovation and partnerships																	



## UNPACKING OUR CONTRIBUTION TO THE UN SDGs

### SDG 3: GOOD HEALTH & WELLBEING

Ensure healthy lives and promote well-being for all at all ages.



#### KEY UN SDG TARGETS

- 3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100 000 live births.
- 3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1 000 live births and under 5 mortalities to at least as low as 25 per 1 000 live births.
- 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

#### OUR CONTRIBUTION

Leveraging our mobile technologies and our Foundations to transform lives by improving access to quality and affordable health care services and by promoting well-being for all.

- The M-Tiba health service now has over 3 876 751 active users and 6 021 approved health facilities countrywide
- Approximately 90 000 women of reproductive age and children under five years are expected to benefit from the Uzazi Salama ('Safe parenting') initiative aimed at strengthening the county's health systems to support the delivery of quality Reproductive, Maternal, New-born, Child and Adolescent Healthcare (RMNCAH)
- The Daktari Smart telemedicine programme at the Suba Sub-County Hospital is part of a larger telemedicine initiative that aims to improve access to high quality healthcare and targets over 32 000 children in Homabay, Samburu, Baringo and Lamu daily.

### SDG 4: QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



#### KEY UN SDG TARGETS

- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
- 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care, and pre-primary education so that they are ready for primary education.
- 4.A Build and upgrade education facilities that are child, disability, and gender sensitive and provide safe, non-violent, inclusive, and effective learning environments for all.

#### OUR CONTRIBUTION

Expanding access to education through innovative solutions, our network and through partnerships.

- 352 923 learners have now downloaded the Zeraki Learning application which provides secondary school learners with access to affordable education services from well trained teachers
- Through Shupavu291—a revision tool for learners in primary and secondary schools across Kenya—we reach 500K unique customers monthly via the SMS based service whereas engaging 3K monthly customers via the web-based Education service.
- Eight teacher training colleges underwent digital infrastructural improvements
- The M-PESA Foundation Academy has provided 414 poor students with access to a high-quality education and supported 574 learners in various tertiary institutions
- Established a partnership with GIGA Project and UNICEF to connect over 1 000 schools.

**SDG 7: AFFORDABLE & CLEAN ENERGY**

Ensure access to affordable, reliable, sustainable and modern energy for all.

**KEY UN SDG TARGETS**

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.

**OUR CONTRIBUTION**

Transitioning to the use of clean energy at our sites and leveraging technology to provide clean energy, including payment solutions.

- 237 000 indigenous trees grown in 215 ha of degraded forest in line with our carbon offset programme
- Accelerated deployment of solar to 1 432 sites, so that solar currently contributes approximately 23% to our energy mix
- Reduced our overall emissions from 57 803 tCO<sub>2</sub>e to 55 780 tCO<sub>2</sub>e, bringing us closer to realising our science-based emission reduction targets.

**SDG 8: DECENT WORK & ECONOMIC GROWTH**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

**KEY UN SDG TARGETS**

- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors.
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

**OUR CONTRIBUTION**

Providing decent work within Safaricom and our broader ecosystem, including enforcing effective health and safety practices both internally and by suppliers, simultaneously contributing to the local and national economy through innovative solutions to increase employment and facilitate economic activity amongst suppliers and customers.

- We sustained 1 159 309 jobs through our wider economic impact in FY23, including 262 309 M-PESA agents and 432 dealers.
- 530 farmers were engaged and empowered in FY23 under the Wezesha Agri programme.
- There are 1.6 million registered farmers on DigiFarm, with 167 000 farmers engaged on credit and KSh 940 million in loans disbursed to farmers.
- A total of 720 suppliers received business from Safaricom. Spend with local suppliers stood at 63.53% compared to foreign spend 36.47%, an increase of just over two percentage points year-on-year.
- Through Baze Video, a subscription-based mobile-focused video-on-demand service, we partnered with 9 local content creators for exclusive video content. Over 400K customers access content monthly.





**SDG 9: INDUSTRY, INNOVATION & INFRASTRUCTURE**

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

**KEY UN SDG TARGETS**

- 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- 9.C Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

**OUR CONTRIBUTION**

Delivering connectivity and innovative products and services that will provide unmatched solutions to meet the needs of Kenyans.

- Built our own energy dashboards which have enabled remote monitoring thereby improving network stability and energy efficiency
- Over 26.8 million Kenyans connected to the internet each month
- Extended our fibre optic cable footprint to 14 000 kilometres and to date, have connected 275 657 homes and over 48 373 fixed data customers to high-speed internet. In addition, we have connected over 26 860 businesses through our 4G LTE
- New 4G spectrum integrated across 2 300 sites to increase radio capacity
- 373 000 subscribers now enjoy our fast 5G speeds and three experience centres in Nairobi.
- Over 69 mini apps hosted in the M-PESA app for businesses and consumers with an average of 400 000 monthly users
- M-PESA GO onboarded 2.9 million child accounts
- Under the Universal Service Fund programme, completed 34 sites covering 33 sub-locations
- Over 1 209 689 IoT connections in asset management, utilities and telematics, with use cases such as monitoring of beverage coolers
- New digitally stamped M-PESA statements have benefitted 1.3 million customers and merchants by reducing demand at our call centres by 37.5% and by 8% in our retail shops.

**SDG 10: REDUCE INEQUALITY**

Reduce inequality within and among countries.

**KEY UN SDG TARGETS**

- 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
- 10.C By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.

**OUR CONTRIBUTION**

Reducing inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups, leveraging Safaricom leadership, networks, solutions and technology.

- Continued to promote diversity: gender balance at 51% male and 49% female; women in senior management at 40%; 24% of the technology division is staffed by women; 29% of women in technology occupy leadership positions and 3.0% of our staff are persons with disabilities (PwDs)
- Women now account for 5.81% of total procurement spend
- Young people with disabilities trained in information technology Phase 1 of the IT Bridge Academy Internship programme
- 33 PwD interns onboarded
- Over 937 000 customers acquired high end smart devices through a financing partnership with Meta, Google and M-Kopa Solar – 60% of customers upgraded from 2G devices
- Partnership with Google's YouTube Music platform realised nearly one million daily active users, driving our mobile data penetration in Kenya
- Women in Technology (WIT) programmes continued to onboard, build and retain women in STEM (Science, Technology, Engineering and Mathematics) careers.

**SDG 12: RESPONSIBLE CONSUMPTION & PRODUCTION**

Ensure sustainable consumption and production patterns

**KEY UN SDG TARGETS**

- 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

**OUR CONTRIBUTION**

Managing our operations responsibly, decreasing our environmental impact and promoting responsible behaviour among all our stakeholders.

- In total, we achieved circularity for 96.7% of materials used
- 132 tons of e-waste was collected, 100% of which was refurbished
- Reduced fuel (diesel and petrol usage) (from 10 018 842 m litres in FY22 to 8 827 895.28 m litres fuel in FY23) – a decrease of 11.9%
- Achieved 9.9% decrease in water consumption.

**SDG 16: PEACE, JUSTICE & STRONG INSTITUTIONS**

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

**KEY UN SDG TARGETS**

- 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.
- 16.5 Substantially reduce corruption and bribery in all their forms.
- 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

**OUR CONTRIBUTION**

Managing our operations responsibly and ethically and fighting corruption in all its forms.

- The percentage of suppliers signed up to our Supplier Code of Conduct which is aligned with the Code of Ethics for Business in Kenya increased from 71% in FY22 to 81%
- Leveraged the Jiandikishe KYC app to combat money-laundering and other crimes associated with mobile money. A total of 140 000 tills are now on the Jiandikishe KYC app, with 35 million customers reached.
- Launched myCounty app which helps to digitise government operations and attracted 7 000 users within the first 30 days.

**SDG 17: PARTNERSHIPS FOR THE GOALS**

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

**KEY UN SDG TARGETS**

- 17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

**OUR CONTRIBUTION**

Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs. Partnerships with:

- Amazon Web Services for acceleration of digital services aspiration through the cloud
- VISA to deliver the M-PESA Global Pay Virtual Card linked to M-PESA Account enabling payments to international online merchants
- Microsoft for enterprise cloud-based solutions that enhance user experience and service provision in education, health, agriculture and security amongst other services
- Spark Fund (Sendy, Ajua, Eneza, SokoFresh and iProcure).



# FY23 YEAR IN REVIEW

This section covers our most significant areas of progress and challenge during the 2023 financial year (FY23). Any changes in performance have been stated using year-on-year comparison with FY22 performance.

## OUR PEOPLE

## OUR CUSTOMERS

▼ 1%

# 49%

of our total workforce are women

▲ 5%

# 40%

women in senior management

STABLE

# 3.1%

persons with disabilities in workforce

▲ 0.9%

# 33.11

Consumer customers (million)

▲ 93%

# 695k

Enterprise customers

▲ 3.4%

# 26.07

Mobile data customers (million)

▼ 2%

# 83%

of staff engaged [SEMA survey]

▲ 3%

# 84%

of staff confident about measures introduced to earn customer loyalty [SEMA survey]

STABLE

# 77%

of staff believe in effectiveness of measures introduced to promote collaboration [SEMA survey]

▲ 5.2%

# 32.11

M-PESA customers (million)

▲ 14.2%

# 1.6

Farmers signed up to DigiFarm (million)

▲ 42.7%

# 167k

Active farmers on DigiFarm

▲ 24 in FY22

# 33

staff dismissed for fraud

▼ 2 in FY22

# 0

third party fatalities

▲ 2M in FY22

# 2.4m

lives impacted through our Foundations

▲ 39.6%

# 701.5

KSh Value of Fuliza disbursements (billion)

STABLE

# 80

Brand Consideration

▼ 1pts

# 78

Network NPS

## ENVIRONMENT

▼ 5.9%

**38 740.2**tCO<sub>2</sub>e  
[Scope 1 and 2  
GHG emissions]

▲ 2.5%

**17 039.4**tCO<sub>2</sub>e  
[Scope 3 GHG  
emissions]

▲ 23.8%

**88 795**Collected, recycled  
and reused  
(tonnes)

▲ FY22: 310

**1 432**Clean power sites  
using solar & hybrid

▲ 8.1%

**1 758**Tonnes of e-waste  
collected & recycled  
to date

▼ 9.9%

**52 559**Cubic metres (m<sup>3</sup>)  
[Water consumption]

## ECONOMIC

▲ 2.1%

**1 159 309**Jobs sustained through  
wider economic impact

▲ FY22: 12.2x\*

**14.6x**Impact on society:  
Profit generated  
[excl. minority interest]

▼ 0.15%

**5.1%**

GDP contribution

▲ 1.53%

**63.5%**procurement spend  
to local suppliers  
[Total spend  
KSh 64 808]

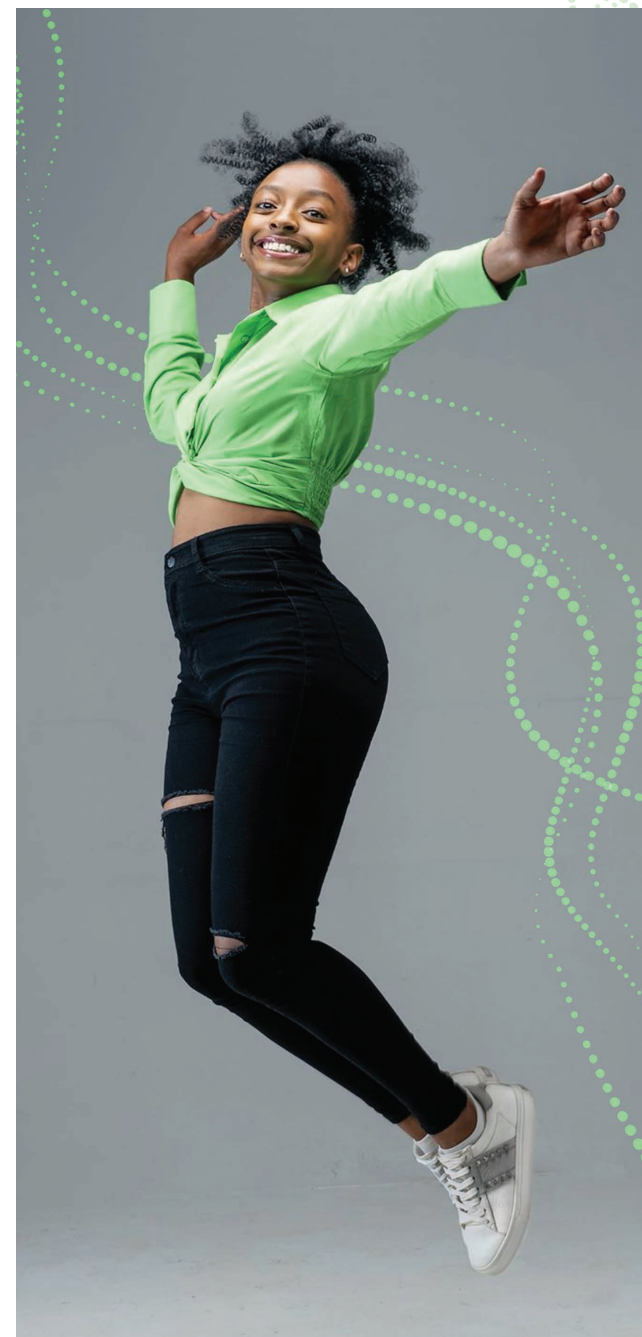
▲ 2.81%

**5.81%**Procurement spend  
on women owned  
businesses

▲ 21.4%

**35.86**KSh trillion  
[M-PESA transactions  
value]

\* FY22 restated as per detailed explanation on Page 29





## FINANCIAL

▼ 6.2%

**139.9**EBITDA  
(KSh billion)

▲ 5.2%

**295.7**Service revenue  
(KSh billion)

▲ 11.4%

**53.95**Mobile data revenue  
(KSh billion)

▼ 10.6%

**62.3**Net income excl.  
minority interest  
(KSh billion)

▼ 2.6%

**81.05**Voice revenue  
(KSh billion)

▲ 4.6%

**11.4**Messaging revenue  
(KSh billion)

▲ 8.8%

**117.2**M-PESA revenue  
(KSh billion)

▼ 62.5%

**23.85**Free cash flow  
(KSh billion)

▲ 6.3%

**132.6**Taxes, duties & licence  
fees paid by Safaricom  
(KSh billion)

## INFRASTRUCTURE

▲ 28.7%

**14 000**Cumulative fibre  
optic footprint  
(kilometres)

▲ 42.8%

**275 657**Residential homes  
connected to fibre  
optic network

▲ 30.2%

**6 260**

Fibre ready buildings

▲ 21.2%

**20 602**Businesses connected  
to fibre optic network

▲ 10%

**20.3**Smartphones  
in our network  
(million)

FY23

**90 147**across 30 locations  
People who benefited  
from Universal Service  
Fund activity (Phase 2)

STABLE

**97%**Kenyan population  
covered by **2G**

STABLE

**97%**Kenyan population  
covered by **3G**

STABLE

**97%**Kenyan population  
covered by **4G**

# TRUE VALUE ASSESSMENT

Since 2015, we have used a structured impact modelling tool – the KPMG ‘True Value’ methodology – to quantify the positive and negative impact of our organisation on society, the environment and the economy. True Value enables us to combine financial earnings data with monetized externality data and to quantify the likelihood and impact of the latter becoming the former. The ‘True Earnings’ bridge highlights both our resilience as a business and our strong fundamentals by showing that the total value we created for Kenyan society in FY23 was KSh 909.5 billion, approximately fifteen (14.6) times greater than the financial profit we made during the year. This year, our cumulative value-add to Kenyan society increased by 7.41% from FY22 to FY23.

The following is an independent analysis of Safaricom’s True Earnings by KPMG. KPMG’s True Value methodology quantifies the True Value to Profit ratio as True Earnings divided by financial profit. Safaricom’s True Value to Profit ratio has increased from 12.2x<sup>2</sup> in FY22 to 14.6x in FY23. This fluctuation is largely driven by a 25% decrease in company profit and a 7.41% increase in True Earnings year-on-year. The increase in True Earnings is largely attributed to the value created for customers, agents and merchants through M-PESA (17% increase from 2022), as well as the growth in economic impact created through Safaricom’s CAPEX and OPEX during this financial year.

## TRUE VALUE: IMPACT ON SOCIETY & ECONOMY

The True Value assessment calculates that Safaricom sustained over **236 674** direct and indirect jobs during the year and, if the wider (induced) effects on the economy are included, this number increases to over **1 159 309**.

### Impact on society

- 14.6 times more than profit generated (profit of KSh 62.3 billion)
- Total True Earnings (▲7.41%)

### Economic value added through operations

- KSh 542 billion (▲3.42%)

### Social value M-PESA

- KSh 325 billion (▲17.66%)

### Environmental externalities

- KSh 1.14 billion (▼4.27%)

## DEFINITIONS

**True Value:** A three-step methodology that enables companies to (i) assess their ‘true’ earnings including externalities, (ii) understand future earnings at risk and (iii) develop business cases that create both corporate and societal value.

**True Earnings:** Monetization of the company’s externalities attributable to shareholders over and above profit.

**Total Economic Value:** The nature and magnitude of the contribution Safaricom makes to the Kenyan economy.

**Direct Impact:** Represents the additional gross value added to the Kenyan economy through our capital and operational expenditure capturing additional employment, income and trade.

**Indirect economic impact:** Our direct expenditure also adds more widely to economic activity through the additional inputs purchased from suppliers. Initial demand for inputs results in heightened production and employment stimulating additional demand for goods and services along their own supply chains.

**Induced economic impact:** Our expenditure creates additional employment and benefits our suppliers’ employees. A proportion of the additional income generated in this way is spent on the consumption of goods and services. Through linkages and multiplier effects, this positively impacts the broader economy by stimulating additional demand for the products and services produced within the economy.

<sup>2</sup> For best practice purposes, the Economic Value Added through Operations includes a multiplier tax impact compared to the actual taxes paid by Safaricom which has been used in subsequent years. As a result of this methodological change, the 2022 True Value to Profit ratio has been restated from 10.4x to 12.2x.





## TRUE VALUE

## EARNINGS

## TRUE VALUE: IMPACT ON SOCIETY

The True Value assessment calculates that Safaricom sustained over **236 674** direct and indirect jobs during the year and, if the wider (induced) effects on the economy are included, this number increases to over **1 159 309**.

## PROFIT

**KSh 62.3b**

▲7.41%

310 905

Revenue

(248 636)

Cost

62 269

Profit

## ECONOMIC VALUE-ADD

## ECONOMIC VALUE-ADD THROUGH OPERATIONS

**KSh 542b**

▲3.42%

541 773

Economic Value Add

13 502

Economic Value Add Capex

(41 762)

Corruption

324 557

M-PESA Social Value

6 330

Social Value of Jobs

3 970

Strategic Social Investments

(0)

Health & Safety

## ENVIRONMENTAL EXTERNALITIES

(6)

Water

(998)

CO2 & Energy

(123)

Recycling

(11)

Waste

## 'TRUE' EARNINGS

909 501

True Earnings

True Value created: 14.6 times profit

## HOW WE ARRIVE AT THESE NUMBERS

Since 2014/15, Safaricom has used 'True Earnings' as a way of understanding and expressing the value that we create for society. KPMG first performed a True Earnings exercise for Safaricom in 2015 to identify our most material socioeconomic and environmental impacts and to quantify these in financial terms. Appropriate valuation factors were selected from KPMG's comprehensive database which is sourced from global academic databases. Qualitative primary research enabled us to complete this exercise and to ascertain the social value created by our services, namely, M-PESA. To quantify this social value, principles from the Social Return on Investment (SROI) and Change Methodology principles are leveraged to quantify the social value created through M-PESA.

More detail regarding the 2014/15 True Earnings exercise can be accessed at: [Safaricom\\_True\\_Value\\_brochure.pdf](#)

Since the initial True Value assessment, assumptions were adjusted to reflect changes in the operating context and our product offerings. In 2020/21, the primary research was reperformed to ensure that the assessment accurately incorporates the impacts experienced by Kenyan society. Furthermore, the model utilises informed assumptions which are based on primary and secondary research. These assumptions are interrogated internally and confirmed to be the most appropriate within the specific Kenyan context. In future, we will need to continue to revise and update the model at specific intervals to reflect the changes in our operating context and the evolution of our product offerings.

### TRUE EARNINGS



#### CARBON EMISSIONS

Carbon emissions released into the atmosphere have a direct negative impact on societies and the environment through the effects of climate change. Our emissions are assessed against the social cost of one ton of CO<sub>2</sub>e to quantify the value of erosion due to the company's carbon footprint.



#### WATER

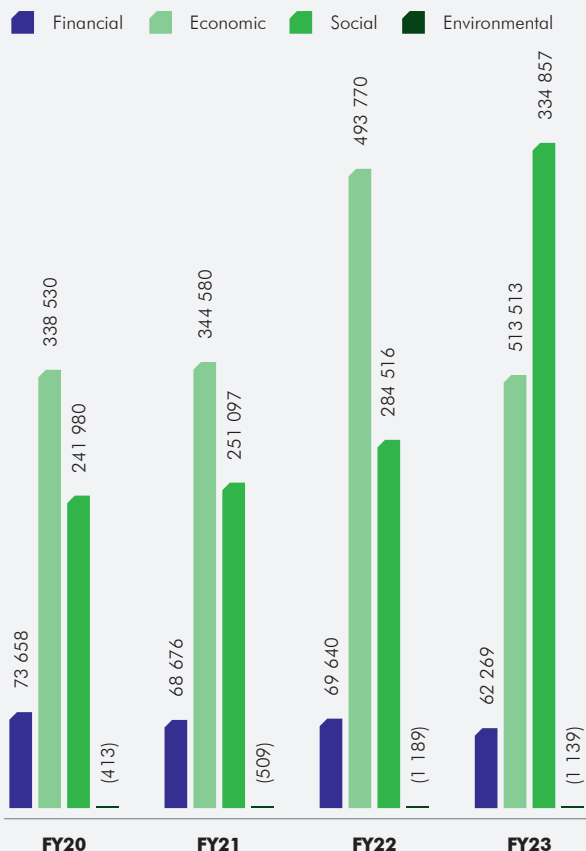
All businesses consume water, which in many regions is an essential, increasingly scarce resource with a broader social and economic value that exceeds the tariff paid for it. To quantify the value eroded through water consumption, the True Value Methodology quantifies the commercial consumption of water against the social cost of water, water scarcity and water stress. The 2023 quantification of Safaricom's water consumption has been updated to represent the social cost of water within Kenya based on recent literature.



#### WASTE

Waste disposal has a negative cost to society. The quantification of this impact is based on the social cost of handling one ton of waste within a region. Although recycling allows for waste to be reused, there is still a negative cost to society related to the production of materials from recycled content. By analysing the waste categories applicable within a business, the KPMG True Earnings Bridge can quantify the value eroded due to waste generation. The 2022 quantification of Safaricom's waste consumption has been updated to represent the social cost of waste within Kenya based on more recent literature.

## TRUE EARNINGS (KSh million)



This chart shows year-on-year movements in our value creation across the scoped impacts (economic, social and environmental). Most noteworthy was the growing contribution from social externalities, particularly through the social value created by M-PESA which grew since 2022. Economic value created through Safaricom's operations and capital projects resulted in the greatest value creation during 2023. Economic impact increased by 4%<sup>3</sup> since FY22. The value created

<sup>3</sup> FY22 value added from operations restated

through operational and capital expenditure increased by 3.42%<sup>2</sup> and 2.54%, respectively in 2023. This was anticipated as the overall capital expenditure for FY23 increased by 13%. Though recognised as a material topic, value erosion through environmental externalities, continues to have minimal impact.

## OUR ENVIRONMENTAL VALUE-ADD

The overall negative environmental impact on Safaricom's 'True Earnings' decreased by 4.27% from FY22. The largest contributor to this value erosion was carbon emissions which decreased by 7.1%. This was primarily due to a decrease in Scope 1 emissions following the rollout of solar power and energy efficiency improvements. Additionally, a 2.5% increase in Scope 3 emissions can be attributed to increased air travel during FY23.

Last year, we increased the scope of reporting to the regions where our regional offices, retail shops and Mobile Switching Rooms (MSRs) are located. The KPMG True Value assessment further updated financial proxies to align to more a current representations of impact assessments related to water in Kenya.

In FY23, total e-waste and office waste collected and recycled amounted to 96.6% of the total solid waste. The remaining 1.4% composed of waste to landfill. This could not be recycled as it included items like diapers and face masks which pose threats to health. Waste incinerated amounted to 2.1%. KPMG updated the quantification of waste based on best practice. Waste quantifications were based on the social cost of handling one ton of waste within a region.

## OUR IMPACT ON SOCIETY

This year, there were no recorded fatalities. Additionally, we have had half as many loss-time injuries compared to last year.

During FY23, M-PESA created KSh 325 billion worth of societal value – a 17.66% year-on-year increase – reflecting our efforts to provide relevant solutions to our customers. The major drivers of this growth were the increase in the numbers of customers and the average number and value of transactions made per customers, a significant increase in the number of merchants, the increase in the value of transactions made through agents. The greatest value continues to be felt by customers, who benefit from their improved ability to manage and save money, lower transaction costs and reduced levels of theft resulting from not having to carry cash. Enhanced well-being comes with access to goods, services and opportunities as well as feelings of heightened safety and security.

We aim to further transform lives by improving the well-being of our customers, agents, and merchants as the M-PESA service evolves over time.

## OUR ECONOMIC VALUE-ADD

The graph on the following page provides a high-level overview of the annual contribution we made to employment. The numbers are derived from a Kenya-specific Economic Impact Assessment (EIA) model and include direct and indirect contribution to employment, as well as the induced wider effects of employment in the economy. The positive social impact associated with the direct and indirect jobs sustained because of Safaricom has been included in the True Earnings bridge.



The economic impact of the KSh 311 billion in annual revenue generated from Safaricom's operations resulted in an estimated KSh 660.9 billion contribution to Kenya's Gross Domestic Product (GDP). This impact can be separated into a direct impact of KSh 173.2 billion, an indirect impact of KSh 121 billion and an induced impact of KSh 366.7 billion.

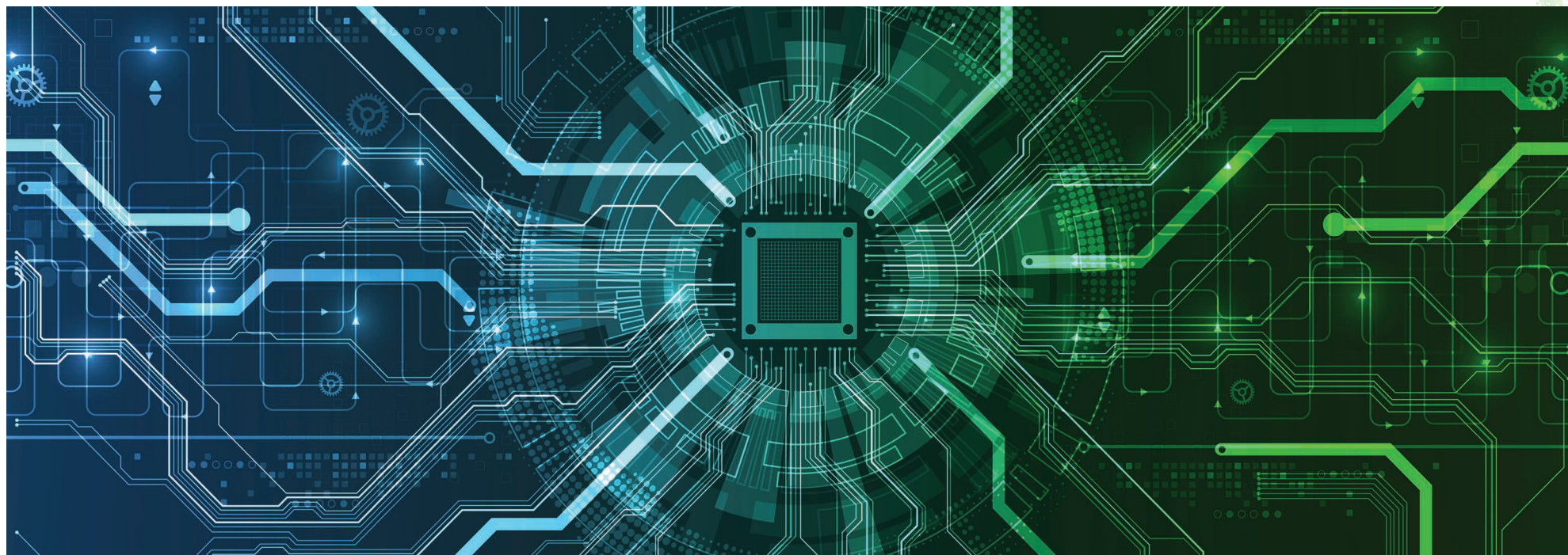
The total economic impact of Safaricom's KSh 40.4 billion capital expenditure resulted in a total GDP contribution of KSh 22.9 billion. This GDP impact can be separated into a direct impact of KSh 9.7 billion, an indirect Impact of KSh 3.8 billion and an induced impact of KSh 9.4 billion.

The 'Total Economic Value added' on the Safaricom True Earnings Bridge only includes the direct and indirect GDP impact associated with Safaricom's operations and capital expenditure.

Each year, a portion of the economic value generated by Safaricom is lost owing to corruption in Kenya. It is important to note that this is not directly connected to Safaricom's activities, but rather acknowledges the unfortunate reality that not all this value is retained.

All financial information can be found in the 2023 Annual Financial Report, including taxes paid and actual direct employment. Both capital and operational expenditure have been processed via the Kenyan national economic impact assessment model, structured to incorporate the economic structure of the communications industry according to the Kenyan Social Accounting Matrix (SAM).

## JOBS IMPACT





# OUR MATERIAL MATTERS

## IN THIS SECTION

Governance, business ethics and risk	35
Our regulatory environment	39
Our platforms	42
Environmental stewardship	48
Innovation and partnerships	58

Our material topics are the most important environmental, social, economic and governance imperatives and opportunities for our organisation and stakeholders. This section describes our material topics, how they influence us and how we respond to them as an organisation. As part of our ongoing commitment to the SDGs, we have included references to the SDGs we have prioritised and which are most relevant to each chapter.





## SDG GOALS



Creating strong, accountable institutions underpins a just society (SDG16) and promotes sustained, inclusive economic growth (SDG8). We work to realise these goals through long-established partnerships (SDG17) with the broader business community and various regulatory authorities.

## OUR HIGHLIGHTS

- Introduced security, safety and privacy by design in all product innovations and systems development.
- Collaboration with Financial Institutions, Telcos and System Integrators to co-create fraud management controls, enhance customer privacy and improve cyber security posture for the ecosystem partners.
- Board of Directors, staff and partners continually trained on Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT), Privacy and Cyber Security.

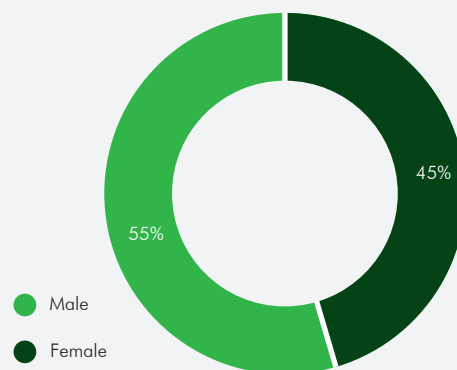
Please refer to the 'Our Governance' section of the 2023 Safaricom Annual Report at: [https://www.safaricom.co.ke/images/Downloads/Safaricom\\_Annual\\_Report\\_2023.pdf](https://www.safaricom.co.ke/images/Downloads/Safaricom_Annual_Report_2023.pdf) for more information regarding our governance structures and reporting processes.

# GOVERNANCE, BUSINESS ETHICS AND RISK

## MAINTAINING A ROBUST GOVERNANCE FRAMEWORK

The cornerstones of our governance structure are the Governance Charter and our Board of Directors which is accountable to all stakeholders. To monitor adherence to governance procedures, members of our Board meet at least four times a year and undertake collective and individual performance assessments at least once annually. The Safaricom Board comprises 11 Board members, five of whom are female and six of whom are male.

### BOARD COMPOSITION



1 Executive Director / CEO



1 Company Secretary



9 Non-executive Directors



## ENSURING A POSITIVE RISK CULTURE

Safaricom is committed to robust risk management practices as an integral part of good management. This is demonstrated by the top-down approach, with the board taking overall responsibility for managing risk. This drives a positive risk culture across the organisation.

Our risk management framework, which is aligned to the ISO 31000 standard, enables us to identify, measure, manage and monitor strategic and operational risks across the business. The framework provides our management with a clear line of sight to enable informed decision making. It also helps to ensure that enterprise risk management practices are entrenched into all business processes and operations to drive consistent, effective and accountable action, decision-making and management practices.

Recognising that we operate in a constantly changing social, business and regulatory environment, we continuously review our risk management framework to ensure it remains relevant and appropriate in terms of risk exposure.

When determining our risk appetite, we review the broad range of risks we encounter during everyday business activities. We recognise that risk is an integral part of creating and preserving value and accordingly, have developed detailed processes to ensure all critical and major risks are proactively managed.



## OUR RISK MANAGEMENT PROCESS



### MONITOR & REPORT

Iterative process enhances oversight.

Ongoing report to Exco and the Board.



### IDENTIFY

Bi-annual risk assessments with business units and other stakeholders.

Ad-hoc risk assessment in response to changing environment.



### ESTABLISH THE CONTEXT

Define external risk factors including key stakeholders, socio-economic and geo-political developments and Internal risk factors including internal stakeholders, governance approach, contractual relationships, capabilities, cultures and standards.



### MANAGE

Implement controls to reduce risk likelihood.

Set scope and risk criteria.

Test these controls across the three lines of defence.



### MEASURE

Review against the risk appetite set by the Board.

We cannot eliminate all the risks inherent in our operations. Consequently, we have a certain risk tolerance for some risks necessary to foster innovation, develop a sustainable business and maximise shareholder value.

Our risk philosophy is aligned to best risk management practices and is aimed at supporting the realisation of our purpose, vision and mission by effectively balancing risk and reward.

Our robust corporate governance framework ensures that we stay ahead of cyber threats, maintain data privacy and proactively manage fraud, particularly in the light of ever-changing social engineering schemes.

## REINFORCING OUR ETHICAL CULTURE

Our mission during FY23 was to ensure the safety and security of our customers and business ecosystems to accelerate new growth areas while delivering a superior customer experience.

Throughout the year, our focus was on assisting the business in safeguarding privacy and implementing secure systems and products. Accordingly, we conducted thorough risk assessments, subjecting all released products and services to assurance reviews, thereby ensuring the embedding of privacy and security measures into design and default configuration. This aligns with our aim of providing our customers with a worry-free experience.

We maintained our commitment to empowering agile teams, enabling them to take on the responsibility of providing initial assurance. This approach supported our goal of fostering agility and expediting time-to-market while upholding security and privacy standards.

Training, both internally and externally, helps to promote our ethical culture. As indicated in the table in the next column, a total of 98% of our staff benefitted from ethics training and the entire Board was trained on Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT).

We also conducted industry training on the Code of Business for Business in Kenya and collaborated with banks and Savings and Credit Co-Operative Societies (SACCOs) to implement joint controls on fraud prevention.

Our customers benefitted from our campaigns to help them combat fraud. Campaigns ranged from quarterly above-the-line campaigns and monthly SMSs to social media awareness campaigns hosted by influencers we had identified as having many followers.

## EXPANDING OUR SECURITY SERVICES

In exploring new avenues for growth, we expanded our range of services on our Managed Security Services (MSS) platform for enterprise customers. Building on our existing security information and event management system (SIEM), we are deploying security orchestration, automation, and response (SOAR) to automate repetitive manual tasks for analysts giving them more time for investigations, reducing alert fatigue with the increasing number of customers being on-boarded and streamlining the incident response process across the teams and customers.

We also redesigned the urchin tracking module (UTM) to accommodate more services such as long-term evolution (LTE) and product bundling: bundled domain hosting with Secure Sockets Layer (SSL) certificates for all cloud customers to enhance the security of online transactions and customer privacy. This was further enhanced with the procurement of Nessus certificates to support the automated and continuous scanning of the customer's assets.

Leveraging our extensive experience and expertise in cyber security, we aimed to deliver added value and meet the evolving needs of our clients. We achieved this by upskilling our technical resources in both vendor certifications and industry certifications to keep up with the changing technologies and giving us a competitive edge against our managed service security (MSS) peers.

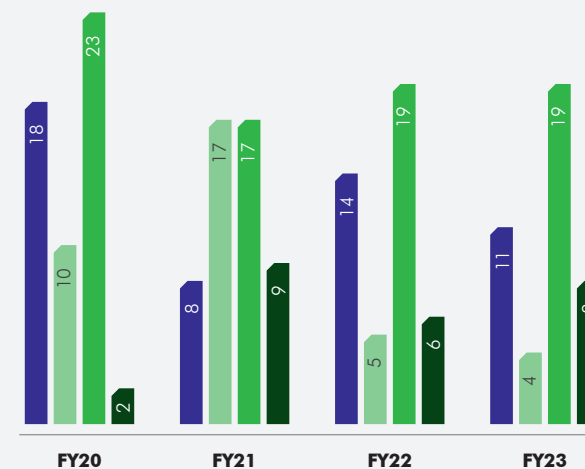
We were pleased to note a significant growth in the adoption of our managed cyber security services, from KSh 4 million in FY18/19 to KSh 140 million in FY22/23. This positive trend reflects the increasing recognition and trust our customers have placed in our capabilities to effectively manage and protect their digital assets. We remain committed to delivering best-in-class MSS while staying ahead of emerging threats and providing comprehensive solutions to meet our clients' evolving security needs.

## ETHICS & RISK TRAINING (% OF TOTAL STAFF)

	FY20	FY21	FY22	FY23
% of total staff attending ethics and anti-corruption training^	96%	98%	98.5%	98%

^PWC assured FY23

## ANTI-CORRUPTION MONITORING MEASURES



### Risk assessments (bi-annual cycle):

Comprehensive evaluations of a range of risks, from operational and strategic to ethical and reputational.

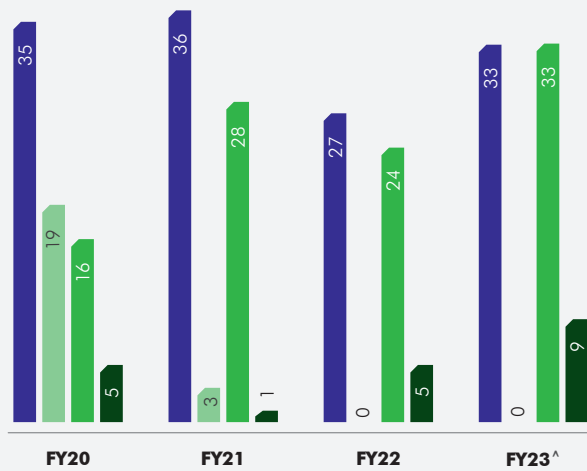
**Fraud reviews:** Conducted on specific areas/ processes suspected of having become compromised.

**Audit reviews:** In-depth reviews that evaluate specific internal controls and processes.

**Special request reviews:** Reviews of special areas/ processes requested by management.



## ANTI-CORRUPTION CORRECTIVE MEASURES



- Fraud cases investigated
- Disciplinary warnings
- Dismissals
- Cases reported to law enforcement agencies

## TYPES OF CASES INVESTIGATED

	FY20	FY21	FY22	FY23
Asset misappropriation^	9	2	8	2
Breach of policy/procedure^	3	8	9	17
Conflict of interest^	9	0	0	0
Data privacy^	3	22	1	0
Negligence of duties^	5	0	0	0
SIM swap^	6	4	10	14
<b>Grand total</b>	<b>35</b>	<b>36</b>	<b>28</b>	<b>33</b>

## ETHICS TRAINING FOR PARTNERS

	FY20	FY21	FY22	FY23
Suppliers^	286	530	489	401
Dealers^	309	451	435	432
M-PESA agents^	63 812	1 345	4 217	1 689
No. of awareness broadcasts covering all M-PESA agents^	32	50	55	37

## FUTURE FOCUS

- Embed security, safety and privacy of our customers and business ecosystems.
- Guarantee customer data privacy.
- Offer worry free customer experience for M-PESA customers.
- Collaborate continuously with all partners to minimise emerging ecosystem risks.
- ESG committee at Board.



^PWC assured FY23



## SDG GOALS



Increasing access to information and communications technology (SDG9) is important for expanding social equity and transforming lives. We work to maintain the highest standards of transparency and governance (SDG16), collaborating with regulators (SDG17) to ensure such standards and maintain a positive outlook and favourable consideration of our products and services.

## OUR HIGHLIGHTS

- Progressed Universal Service Fund commitments.
- 98.3% verification Know Your Customer (KYC) compliance.
- Attained 95% Quality of Service assessment, surpassing the regulatory measure of 80%.

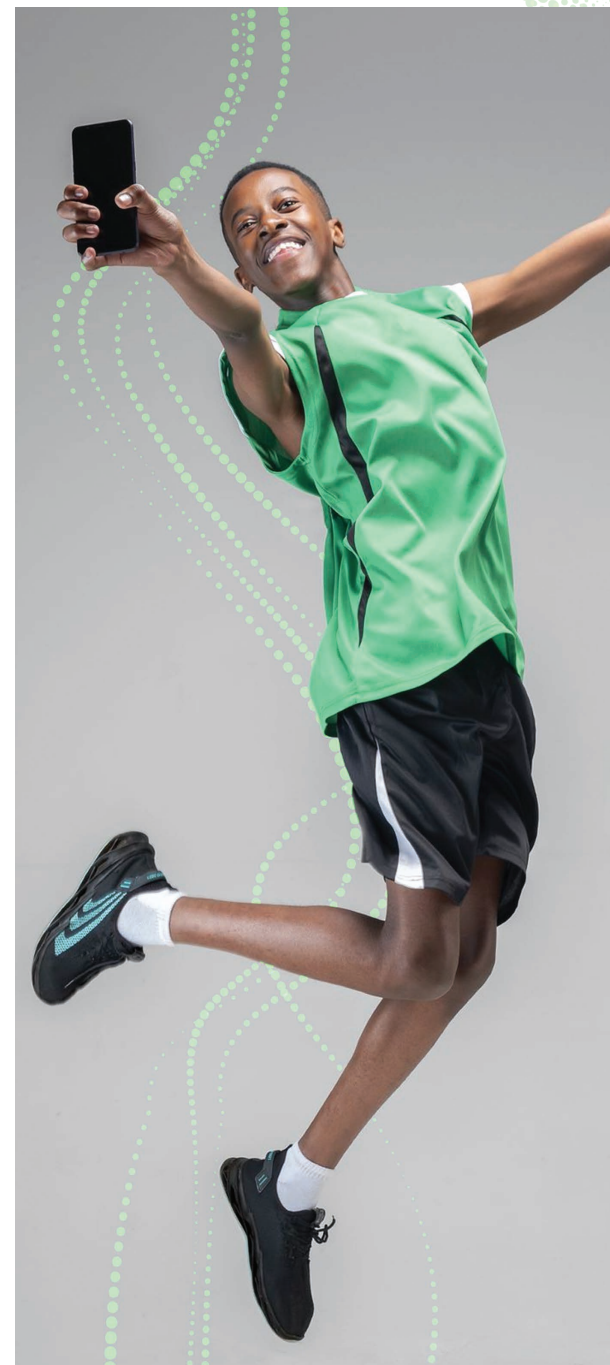
# OUR REGULATORY ENVIRONMENT

## ENSURING TRANSPARENCY

In FY23 the team focused on progressing Know Your Customer (KYC) verification of the entire subscriber base to comply with the Communications Authority (CA) directive to ensure 100% compliance with Subscriber Registration Regulation, 2015. This was significantly progressed when we secured approval from the CA for customers to verify their KYC remotely and to establish KYC verification clinics across the country outside our formal retail centres. We closed out the year at 98.3% verification compliance.

The team also prioritised involvement in the review of Mobile Termination Rates (MTR) by the CA under the latter's network cost study. The CA indicated that the last review, which was undertaken around 2010, was outdated and that the time was right to pass the economic benefits accrued over time to the consumers through the review of the MTR. We participated and fully supported the entire review process which was still ongoing at year end.

Towards fostering innovation, the team collaborated with the business development team in developing the 'Make Ur Bundle' Service for filing with the CA. Targeted to benefit over 13 million subscribers, the service enables our subscribers to increase the value received from their airtime by being able to choose the amount they allocate to either data or voice.



OUR BUSINESS

OUR MATERIAL TOPICS

OUR STAKEHOLDERS

KPI SUMMARY



## MAINTAINING HIGH LEVELS OF COMPLIANCE

Our compliance register covers issues such as the number and cost of fines for non-compliance, non-monetary sanctions for non-compliance and legal actions lodged for anti-competitive behaviour. We can once again report that there were no such instances.

Other ongoing compliance-related activities were:

- The submission of data to the CA every quarter related to the Network Redundancy, Resilience and Diversity (NRRD) guidelines. These aim to enhance the reliability and availability of ICT networks in Kenya. The CA monitors our compliance with measures to improve network redundancy, resilience and diversity (such as multiple routes for data traffic to improve network availability).
- Aligning with the Spectrum Management Guidelines issued by the CA in 2020 to help operators use spectrum efficiently and effectively by:
  - Deploying our network so that coverage is maximised through spectrum-efficient technologies such as LTE and 5G, to improve the performance of our network.
  - Using a variety of techniques to protect the spectrum against interference with other users.
- Scoring 95% in the Quality of Service (QoS) framework issued by the CA which sets the standards and guidelines to ensure that telecommunications services provided to consumers meet certain levels of quality and performance. The framework measures several factors, including call quality, data speed and customer satisfaction. We surpassed the regulatory measure of 80%, making us the only mobile

network operator to do so. Our high QoS scores are a result of the investments in our network and our commitment to providing a high-quality service to our customers.

- Proactively focusing on renewing our operating licences (a process we began in 2021) which are due for renewal by the end of June 2024. These include the network facilities provider (Tier 1), content service provider and applications service provider licences.

## MONITORING ONGOING DEVELOPMENTS

The Ministry of Information, Technology and Digital Economy has embarked on a process to review the Kenya Information and Communications Act, 1998 (KICA) and attendant regulations to ensure they are aligned with legislative and industry developments. There are certain highlights under the KICA Bill 2023 that we welcome. These include the formulation of guidelines on critical infrastructure assets by the CA. We believe this proposal will enable us to improve our infrastructure and service delivery continually. We also welcome the proposal for SIM cards to be sold through channels other than formal retail outlets, subject to subscriber information being registered accordingly. On the proposal for the CA to have the power to gazette a telecommunication service provider as a dominant telecommunications service provider, our view is that the tenets of the dominance principle remain with the Competition Authority of Kenya.

We have submitted our comments on this bill and its attendant regulations and currently await stakeholder forums to discuss the comments raised by industry players.

## WORKING TO IMPLEMENT THE USF PROJECT PHASE 2

Having successfully tendered for the Universal Service Fund (USF) Project Phase 2, Safaricom was contracted by the CA to supply, deliver, install and commission the telecommunication cellular mobile network active infrastructure and provide mobile services in the listed mandatory areas comprising 57 sublocations.

This was achieved despite various difficulties which included pairing with other network facilities providers and having to wait for these operators to complete towers before we could proceed with our part of the implementation. Any delays or issues faced by these operators directly impacted our ability to move forward, leading to unforeseen setbacks and potential schedule disruptions. A further challenge was that the mandatory areas designated for the project were in remote regions. The vastness of these regions, coupled with limited infrastructure and resources, made it difficult to effectively identify and survey the target population, hindering the progress of the project. In addition, we encountered adverse weather conditions which made working conditions unsafe and impractical. Finally, insurgency and attacks on infrastructure necessitated heightened security measures and coordination with local authorities. These in turn created additional complexities, impeding the project's completion.

Against this backdrop, we made progress – by the end of March 2023, 34 sites covering 33 sub-locations were on air providing access to over 90,000 people. This was done in collaboration with the CA and partners such as Seal Towers, ATC Kenya and Alan Dick EA with the following results:



## ABOUT THE USF

The USF aims to extend broadband to underserved areas. The CA has been working to close the digital gap between urban and rural areas of the country, relying on the USF. This supports the updated national broadband strategy, which aims to:

- Make a 10Mb/s service available to all schools, healthcare centres, and government facilities by the end of 2022.
- Provide a broadband service of at least 3Mb/s to 90% of the population by 2023.
- Deliver a 10Mb/s service nationally and a 100Mb/s service to 80% of the population by 2030.

## USF PROJECT PHASE 2: PROGRESS



Enhanced connectivity and bridging the digital divide



Positive socio-economic impact – business enablement and e-learning platforms



Heightened community empowerment – facilitation of social, civic and government engagement, access to healthcare information



Strengthened government service delivery



Expanded future development potential – services and infrastructure going forward.



Greater participation in the digital economy

## FUTURE FOCUS

- Sustain QoS results.
- Maintain 100% of key operating licences and resources.
- Secure a competitive MTR which benefits consumers and our business.





## SDG GOALS



We leverage our partnerships (SDG17) to continually develop and refine our innovative products and services (SDG9) which broaden socio-economic development (SDG8) and contribute to reduced inequalities at every level of society (SDG10).

## OUR HIGHLIGHTS

- Deployment of Service Operation Centre (SOC) tool to enable network experience insights at customer level.
- Rollout of additional 205 5G sites.
- Expansion of fibre footprint by 3,120 kms to 14,000 kms.
- Maintained our leadership position in Quality of Service (QoS) survey.
- 1.6 million registered farmers on DigiFarm, 167,000 farmers engaged on credit, KSh 940 million in loans disbursed to farmers.
- Hustler fund developed in collaboration with the Government, now has 16.11 million subscribers, with KSh 24.44 billion disbursed.
- Launch of myCounty app.
- Fuliza: 50% price reduction.

# OUR PLATFORMS

## DELIVERING ALWAYS-ON DIGITAL-FIRST TECHNOLOGY

As we work to connect stakeholders across the country, thereby enabling them to access information seamlessly, our key priority is to deliver always-on digital-first technology operations, with the overarching aim of establishing a responsive, customer-obsessed technology environment.

This was accelerated through the network team's rapid adoption of an Agile working methodology which has resulted in faster decision-making, speedier implementation of planned initiatives and more efficient resolution of issues. It was also facilitated by the consolidation of fibre demand planning and management in the fixed data space. This has enabled ease of operations and faster time to market. In addition, the Service Operation Centre (SOC) tool which uses data insights to enhance our customers' interactions with our products and services, helped us realise our vision and better anticipate our customers' needs.

We expanded our product offerings by partnering with YouTube to promote and grow Short Video content (YouTube Shorts) by offering low-cost bundles users. We continued to:

- Deploy embedded SIM (eSIM) cards. These are more secure than physical SIMs because they obviate the need to obtain, carry, and swap physical SIM cards (which can also be lost), or wait for them to arrive by mail.
- Activate innovative features such as VoLTE and voice over broadband (VoBB); VoLTE now has 1.2 million daily active users accounting for 7.3% of total voice traffic.

- Focus on cost reduction through contract negotiations with our vendors and partners, achieving 10% savings in our support services contracts (IT and networks).
- Drive cost leadership through the installation of 1 432 solar sites, resulting in a 22% saving on energy bills.
- Reinstate and deploy spectrum lost during the COVID-19 pandemic.
- Overcome the challenge of densification of high-rise buildings especially in urban centres which negatively impacts indoor coverage. We have ongoing initiatives to improve deep indoor coverage in these locations: CBD Kamukunji, Donholm, Eastleigh, Pipeline, Roysambu, Tassia and Zimmerman.

As indicated in the table below, there was a significant increase in fibre to the home (FTTH) and enterprise buildings connected. This was facilitated by early planning based on the provision of timely profiling information by the channels team advising where fibre was to be rolled out. It was also enabled by the adoption of Agile ways of working whereby daily stand-ups made it possible to identify blockers and fast-track rollout.

The accelerated expansion of our fibre footprint by 3 120 kms was due to overhead deployment of data driven planning which prioritised certain regions for fibre rollout.

We maintained a leading position in Quality of Service across all metrics through capacity improvements both in the radio and core network to accommodate increased demand for data, rollout of additional sites to improve coverage and ongoing network optimisation initiatives to improve customer experience.

Still on the positive side, following the issuing of Requests for Proposals (RFPs), we renegotiated, prices, thereby achieving costs savings.

On the downside, we did not achieve our base station target, as we were 12 stations under target for 2G, 3G and 4G. This was due to delays in obtaining construction approvals from some government authorities. In addition, there was a slight decline in signal coverage as well as data speed.

## NETWORK AVAILABILITY & STABILITY

	FY20	FY21	FY22	FY23
Avg. weekly unavailable minutes (power NUR)^	11.9	11.4	14.5	4.09
Avg. radio access network service unavailability rate (SUR minutes)^	32.4	24.7	29.47	29.998
% base stations connected to grid (in total)	94.5	93.56	94	94
*Rectifier modernization (new KPI for FY22)	-	-	155	278

\*Rectifier modernisation is installation of intelligent rectifiers with remote monitoring capabilities with higher efficiencies. Unlike the old rectifiers, we can monitor these rectifiers remotely and even control other power elements such as the different energy sources and the charging of batteries for an optimum energy mix, thereby reducing emissions and costs.

^PWC assured FY23

## INDEPENDENT QUALITY OF SERVICE RESULTS

Service & KPI	FY20	FY21	FY22	FY23
Voice	Call setup success rate	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Dropped call ratio	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Speech quality	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
Data	Mean user data rates- download	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Mean user data rates- upload	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Mean web browsing session time	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
	Network delay	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>

## BREAKDOWN OF NETWORK NPS

FY20 FY21 FY22 FY23

### SIGNAL COVERAGE



### VOICE QUALITY



### DATA COVERAGE



### DATA SPEED

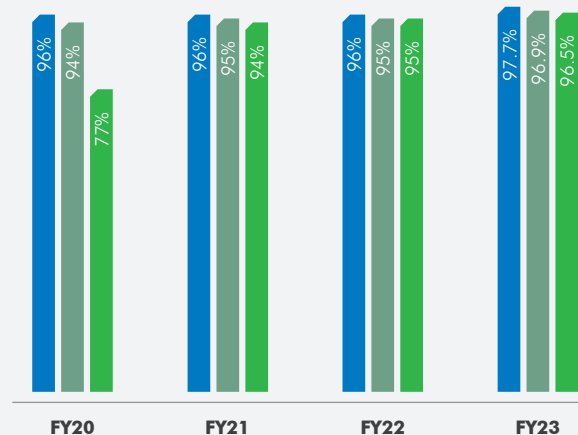


### OVERALL



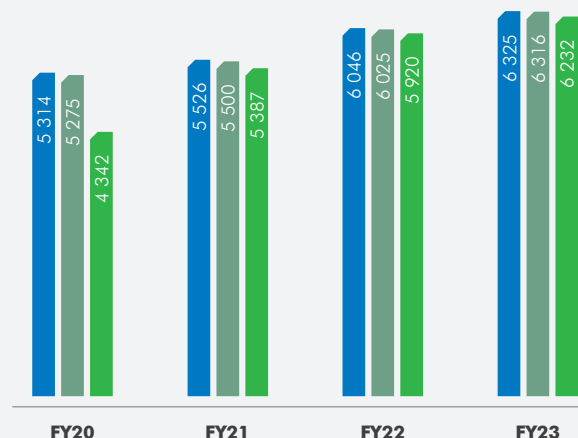
## NETWORK COVERAGE (% OF POPULATION)

2G 3G 4G

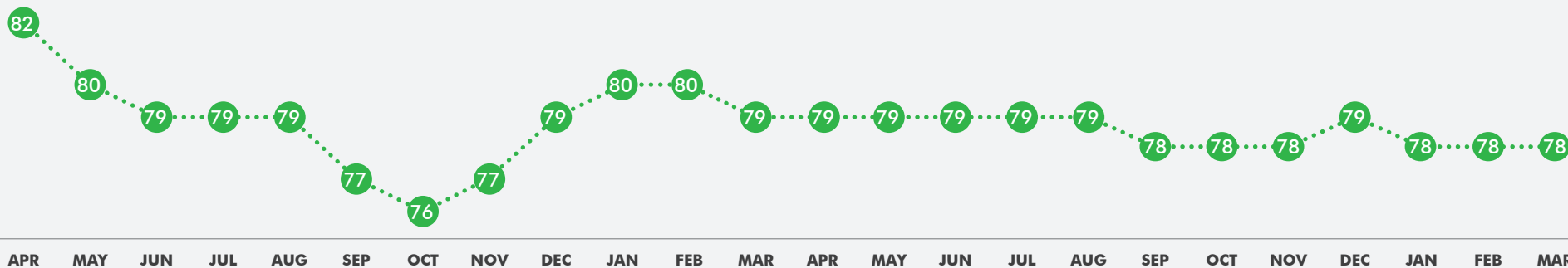


## BASE STATION TYPE

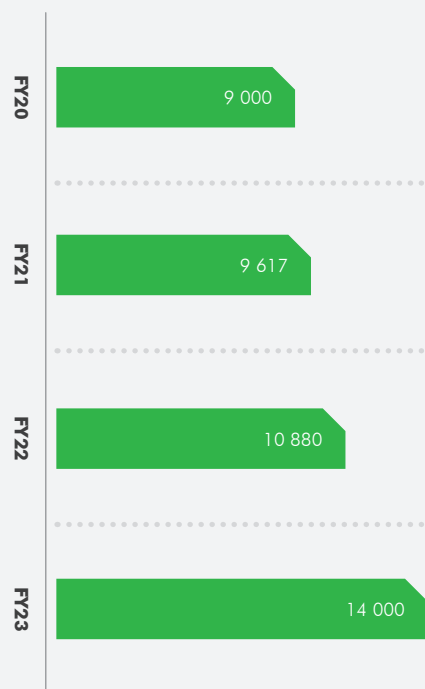
2G 3G 4G



## MONTHLY OVERALL (TOTAL) NPS

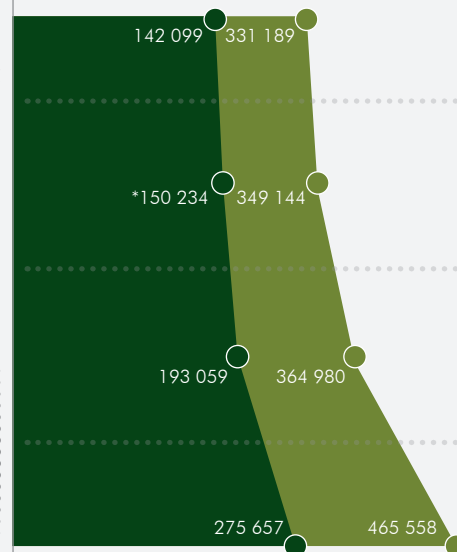


## OUR FIBRE FOOTPRINT

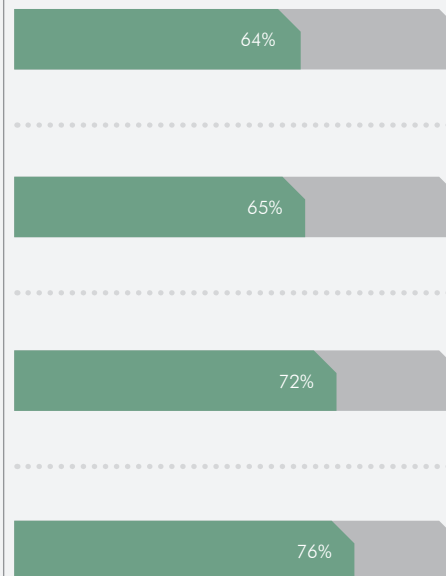
FOOTPRINT  
(TOTAL KILOMETERS TO DATE)

## RESIDENTIAL HOMES

● Connected ● Passed

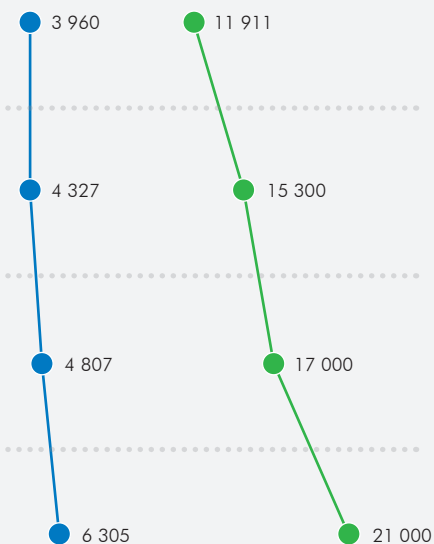


\* Note that the number of residential homes connected and passed for FY21 indicated differs due to interrogation and clean-up of data from previous years

BASE STATION TYPES  
CONNECTED (%)

## ENTERPRISES CONNECTED

● Buildings ● Customers





## M-PESA: INNOVATING TO ENHANCE FINANCIAL INCLUSION

When we launched M-PESA, in 2007, it was a life-changing innovation. Since that time, we have continued to expand access to financial inclusion further through the development of innovative products and services. In FY23, these included:

- Collaboration with the Government of Kenya on the Hustler fund developed for both savings and credit. The fund offers instant loans to Kenyan citizens upon request, aiming to provide cheaper access to credit, and to combat embedded credit-scoring issues that have often prevented poorer Kenyans from accessing cash. At year end, there were 16.11 million subscribers with KSh 24.44 billion disbursed.
- The myCounty app which helps to digitise government operations and attracted 7 000 users within the first 30 days. First rolled out in Makueni County, it will be rolled out countrywide.
- M-PESA Go aims to give parents more control over their children use of mobile money wallet. By year end, we had onboarded 2 910 000 child accounts.
- The merchant overdraft product provides SME merchants with credit facilities. The product went live on 17 Feb 2023, with KSh 1.12 billion disbursed to 18 922 merchants by year-end.

Existing products and services continued to gain traction. In a significant move, we revised the price of the Fuliza M-PESA service which allows M-PESA customers to complete their M-PESA transactions when they have insufficient funds in their M-PESA accounts downwards by 50% to make credit

more affordable. This led to an increase in transaction volumes, values and subscribers. We also opened lines of credit by enabling customers to use Fuliza to buy airtime via M-PESA. Since the implementation of the service on 24 November 2022, an additional KSh 19.86 billion in additional Fuliza turnover was unlocked (based on KSh 415.15 million in incremental revenue and a 74.4% reduction in the subscribers experiencing a withdrawal transaction failure due to insufficient funds).

In FY21 we launched a new M-PESA super app to cater for subscribers' digital lifestyles and empower businesses through the mini apps programme (where 69 mini apps have already been loaded). We had targeted to publish 100 mini apps on the M-PESA app by year end. However, this proved difficult as the time to value turn around, together with the process to design, co-create and integrate, is a steep learning curve for most partners. In line with our aim of powering consumers digital lifestyles, we had targeted 10 million app downloads, but achieved 7.73 million. This is due to limited smartphone penetration as only 13.2 million of our 43 million customers have 4G-enabled smart phones.

New mini apps include:

- BuuPass, a Book a Bus app which generated KSh 84 260 000 in revenue. Using and completing transactions without bundles or even when offline.
- M-Gas and ProGas mini apps which facilitate the purchase of affordable prepaid gas generated KSh 104 000 in revenue.
- M-POST, a partnership with the Postal Corporation of Kenya for digital postal services.

### OTHER EXISTING PRODUCTS INCLUDE:

#### BUSINESS TRANSACTING TILL

##### Aim:

This extension of the existing Lipa na M-PESA Buy Goods Till enables small business owners to collect payments on their till and use this money to make other payments wages/salaries, commissions etc. directly from their till.

##### FY23 Outputs:

Through this initiative, the number of merchants grew from 859 560 to 1 209 719.

#### BILL MANAGER SERVICE

##### Aim:

Facilitates the regular sending of invoices and tracking of payments, is used by organisations like Kenya Power, schools, and water utilities.

##### FY23 Outputs:

Onboarded 30 billers and transacted KSh 5.2 billion in value against targets of 50 billers and KSh 8.36 billion, respectively.

#### M-PESA GLOBALPAY VIRTUAL CARD

##### Aim:

Enables payments to international online merchants for goods and services using the virtual card details.

##### FY23 Outputs:

51 990 active cards, with transactions valued at KSh 148 800.

#### B2B API USE CASES §

##### Aim:

Facilitates business.

##### FY23 Outputs:

Achieved an additional KSh 37 million in revenue.

§ Business-to-business (B2B) application programming interface (API)



## ABOUT myCounty APP

The myCounty app is a platform that enables all 47 counties to digitise all their services in one place providing a single, citizen access channel. The platform will include payment for county services, revenue management systems, a citizen reporting and engagement tool and solutions around agriculture, health, utility bills and SME programmes. myCounty will be accessible through a USSD short code, Android and iPhone App for all counties, and a mini-app on the M-PESA Super App which will offer county services and

payments including parking fees, single business permit fees, market fees, land rates, property rates amongst others.

The service seeks to ease access and payment of county services for the public, saving them from having to visit county offices for manual payments. Counties will benefit from more convenient - 24/7 access to their services, increased revenue collection and better visibility of revenue collection and performance.

Safaricom has developed a 'gateway' that integrates services from all county providers in one digital channel. Counties will also benefit from additional capabilities including revenue management, cash and bank reconciliation, credit control and debt management, and business intelligence systems. We will host the service as part of the Safaricom Cloud, provide Big Data and Analytics Solutions, and for app users, digital receipts, and electronic notifications.

## GROWING REVENUE

As indicated in the table below, M-PESA revenue grew despite the impacts of macro and political uncertainty which reduced customer activity and spend. Following our development of acquisition offers which targeted both registered and non-registered customers, we grew the core of 30-day active customers to stand at 32.1 million.

### FINANCIAL INCLUSION PROFILE

	FY20	FY21	FY22	FY23
<b>M-PESA</b>				
M-PESA revenue (KSh billion)	84.4	82.6	107.6	<b>117.2</b>
No. of customers (million: 30 day active)	24.9	28.3	30.5	<b>32.1</b>
No. of Lipa Na M-PESA merchants	172 561	301 597	492 772	<b>606 662</b>
Diaspora remittances through M-PESA Global (KSh billion)	158	289.7	395.7	<b>418.0</b>
<b>M-SHWARI</b>				
No. of customers (million: active users)	4.66	3.98	4.67	<b>5.28</b>
M-Shwari deposits (KSh billion) *	319.9	571.2	745.0	<b>416.7</b>
M-Shwari loans (KSh billion)	129.6	94.5	86.1	<b>91.5</b>
<b>FULIZA</b>				
Transaction volumes (million)	392.9	787.1	1 456.0	<b>2353.8</b>
Amount disbursed (KSh billion)	245	351	502.6	<b>701.5</b>

\* Deposit balance (sum of monthly deposit balances)

## OUR DIGIFARM PLATFORM: PROMOTING COMMERCIAL SUSTAINABILITY

Kenya's smallholder farmers face key issues - estimates are that 30–40% of agricultural production is lost because of a combination of post-harvest loss (PHL) and food waste. Limited access to markets and inability to obtain fair prices for their products is another key issue<sup>3</sup>. An integrated mobile platform, DigiFarm's goal is to help smallholder farmers become commercially sustainable by offering a one-stop access to quality farm inputs at discounted prices, input loans, learning content on farming as well as access to market.

Traditionally, smallholder farmers have faced various challenges in accessing appropriate, adequate financial services. The lack of flexible credit products and last-mile access coupled with low production levels, has hindered farmers' capacity to service their debts. Leveraging technology and partnerships, DigiFarm has developed digital agri-specific lending products (e.g. cereals and pulses) targeting farmers with an acre of land. The products have been tailored to reflect farming realities such as basing the tenure on the production cycle of the crops, bundling with insurance and ensuring access through USSD as most farmers use feature phones.

3 African Post-Harvest Losses Information System, cited in The YieldWise Approach to Post-Harvest Loss Reduction: Creating Market-Driven Supply Chains to Support Sustained Technology Adoption, available at: <https://www.mdpi.com/2077-0472/13/4/910>

## EXPANDING OUR OFFERING

A key achievement in FY22 was the disbursement of KSh 940 million in loans to 167 000 smallholder farmers. Another was our piloting of a spot-payment solution. This was developed in response to the fact that most farmers in Kenya receive payments for their produce in cash with many hours spent travelling and waiting in line. Our solution provides agribusinesses ranging from processors to aggregators with a platform where they can onboard farmers, record their produce and pay them using M-PESA. As part of our financing offering, DigiFarm also provides financing support to agribusinesses to pay farmers at the point of offtake.

Key achievement in FY22 were:

- 1.6 million registered farmers.
- DigiFarm revenue of KSh 512.12.
- The disbursement of KSh 940 million in loans to 167 000 smallholder farmers.

Another was our piloting of a spot-payment solution.

### SUPPORTING GROW FAIRLY FARMERS

Established in Kenya in 2008, Grow Fairly is a social enterprise that processes and exports organic and Fair-Trade certified nuts and fruits sourced from smallholder farmers.

Their processing plant in Kilifi serves about 10 000 smallholder cashew-nut farmers in Kilifi, Lamu and Kwale in the coastal region. Delayed payments have plagued the nut sector with farmers selling their raw cashew nuts to processors who would only pay them once they found markets for the processed nuts. With DigiFarm support, Grow Fairly was financed to pay farmers at the point of offtake, much to the latter's relief. We were able to support 3 826 unique farmer transactions and are also helping them meet traceability requirements for export.

## COLLABORATING TO MAXIMISE IMPACT

We have established that smallholder farmers have low levels of digitisation and literacy. Consequently, they require significant support for onboarding and use of digital tools as basic as USSD short codes. Accordingly, to serve this segment more effectively, we are developing a hybrid approach which gives farmers a physical touchpoint. DigiFarm is now teaming up with other business lines to leverage Safaricom's country-wide agent networks as well as driving our Lipa Mdogo Mdogo offering to drive smartphone uptake to our farmer segment.

In addition, developing products for the agricultural segment is complex and requires bespoke offerings dependent on value chains, stakeholders, seasons and regions as a one-size-fits-all approach does not work. Overcoming these challenges requires collaboration among financial institutions, development partners, technology providers, agricultural experts and policymakers. We are working across these stakeholders to develop credit scoring models that support increased access to finance and digital lending for smallholder farmers not only for Kenya, but across sub-Saharan Africa.

Building digital payment platforms is often the first step to providing non-traditional financial services and is fundamental to creating a sustainable agricultural sector. By securing quick transparent payment for their produce, farmers establish a digital money profile/identity that allows them to access other financial products such as credit for inputs or savings.

Through DigiFarm, Grow Fairly farmers now have access to the full suite of agricultural services like credit and insurance as well as e-extension services.

## FUTURE FOCUS

- Improve indoor coverage in areas with dense high-rise buildings.
- Roll out reinstated COVID spectrum to increase radio capacity and give a better data experience.
- Enhance capacity in 4G sites and expand 5G sites to improve data experience.
- Roll out new sites in areas lacking coverage.
- Continue to empower businesses with credit.
- Explore the potential of general, life and motor insurance.
- Establish an e-learning portal for external partners.
- Expand farmer solutions that improve productivity, together with market access solutions that connect farmers to markets.



## SDG GOALS



We progressed our commitment to SDG7 through our accelerated deployment of solar. We continued to partner with various stakeholders (SDG17) to drive responsible environmental actions and contribute to a circular economy (SDG12).

## OUR HIGHLIGHTS

- Successful uptake of technology solutions to reduce paper consumption.
- 100% compliance with regulations relating to plastics, air quality and noise levels
- 16 data centres and offices licensed by NEMA for generator operations.
- Increased our CDP climate score from C to B.
- Signed a collaboration framework on a forest strategy with Kenya Forest Services.
- Successful ISO 14001 surveillance audit and ISO 50001.
- Eliminated all single-use plastics in retail shops.
- Acceleration of solar deployment to 1 432 sites, resulting in over 370 tCO<sub>2</sub>e annual avoided.
- Increase in the number of free cooling units across the network.
- Creation of real-time dashboards to reflect the status of our waste and environmental audits.
- By increasing the frequency for waste collection from our facilities from one week to two weeks, we achieved cost savings of approximately KSh 2.8 million.
- 1.3 million trees grown in 1 300 hectares of public degraded forests, directly impacting 2 000 livelihoods.
- Our CEO played a prominent role in advocating for climate action at COP27, with a key highlight being the Africa Business Leaders' Climate Statement

# ENVIRONMENTAL STEWARDSHIP

## PROMOTING CIRCULARITY

We have moved away from the linear model of take, make, consume, and dispose mode to fully embrace the principles of the circular economy – reduce, preserve and regenerate.

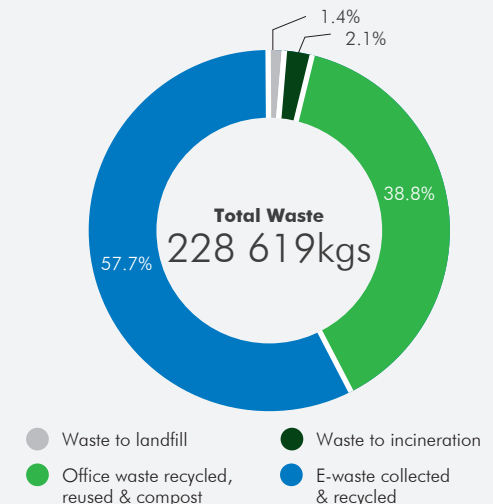
Doing so has many advantages, including income generation. One of the ways we achieved this was through a pilot involving the trade-in of mobile devices in different retail shops in partnership with Badili Africa and Calcare. Over 300 mobile phones were traded in, and we plan to scale up the project in the next fiscal year. Where mobile devices have reached their end of life and cannot be refurbished, we extract the parts for re-use. In addition, we realised KSh 220 million through the sale of 488 570 pieces of network equipment to Toronto Merchants who will refurbish and re-use this equipment.

In total, we collected 132 tonnes of e-waste, 100% of which was recovered and refurbished in conjunction with the Waste Electrical and Electronic Equipment (WEEE) Centre, the e-waste handler certified by the National Environment Management Authority of Kenya (NEMA).

Waste to dumpsite generates methane, a powerful greenhouse gas which is estimated by the US Environmental Protection Agency to have a global warming potential 27-30 times greater than that of carbon dioxide over 100 years<sup>4</sup>. In addition to our e-waste partnership with WEEE, we also have several recycling partnerships in place for paper, glass, metal, construction

materials and organic waste. As indicated in the pie chart below, a very small percentage, 1.4% of waste generated was taken to dumpsite and 2.1% incinerated. This was comprised of infectious waste (facemasks) and diapers, as there is currently no technology available to treat this waste stream. Most of the waste collected was reused and recycled. Total e-waste collected and recycled contributed to 57.7% of the total waste collected and recycled. The remaining 38.8% was attributed to the office waste reused, recycled and compost.

### WASTE COMPOSITION



Single-use plastics have been identified as one of the major contributors to environmental degradation and pollution. Against this backdrop, one of our key highlights was the total elimination of single-use plastics in retail shops. This

<sup>4</sup> <https://www.epa.gov/ghgemissions/understanding-global-warming-potentials>

amounted to approximately 252 000 pieces of single-use plastics, equating to 134 069 kg CO<sub>2</sub>e avoided emissions. Another highlight was the accelerated uptake of technology solutions to reduce paper consumption. We saved the use of 141,111 pieces of paper by making use of Adobe Acrobat Sign. This in turn is estimated to have saved 2 491 580 grams of CO<sub>2</sub>.



We continued our ongoing drive to increase consumption of airtime via digital platforms to reduce our environmental footprint.

Looking forward in FY24 we will initiate a project to scale up end-to-end integrated waste management beyond the Nairobi region and attain a countrywide circularity rate of 98%. We will report more fully on this programme in our next report.

## VALUE GENERATED BY CONSUMPTION OF AIRTIME VIA DIGITAL PLATFORMS (KSh million)

	FY20	FY21	FY22	FY23
M-PESA	103 325.4	110 731.25	120 257.2	18 189.3
Voucher	54 197.0	43 751.7	34 927.25	4 610.4
Pinless	5 400.7	7 976.0	7 475.5	937.8
<b>Total</b>	<b>162 923.2</b>	<b>162 459.0</b>	<b>162 660.0</b>	<b>23 737.5</b>



## E-WASTE CUMULATIVE TONNES SINCE PROJECT INCEPTION

	FY20	FY21	FY22	FY23
E-waste collected	1 287	1 430	1 626	1 758

## ASSESSING OUR IMPACT

We audit the impact of our network through Environmental Impact Assessments (EIAs) and Environmental Audits (EAs). We acquired 43 EIA licences and conducted 896 environmental audits, of which 531 were initial EAs for Base Transceiver Station (BTS) sites. In addition, we undertook 288 self-environmental audits for BTS sites and completed 77 self-environmental, OSHS and fire safety audits for offices, data centres and retail shops. The reduction in the number of EIAs and EAs is a result of adopting a leased model to Base Transceiver Station (BTS) sites as opposed to the previously owned model of operation.

An external service provider conducted an ISO 14001 surveillance audit for our environmental management system. The outcome was a recommendation that we should maintain ISO 14001. However, five opportunities for improvement were noted and the team is working to close these out before the end of FY24.

In addition, we were granted 16 air quality licences by NEMA for our buildings and data centres.

## ENVIRONMENTAL IMPACT MONITORING AND EVALUATION

	FY20	FY21	FY22	FY23
Environmental Impact Assessments	437	122	*57	43
Initial Environmental Audits	513	318	**31	533
Self-environmental audits	n/a	1 460	***487	365

\* 20 5G and 37 network solution sites

\*\* Small cell sites (Initial audit)

\*\*\* 408 BTS self-audits, 79 facilities self-audited

## MONITORING RESOURCE USAGE AND AIR QUALITY

Underscoring our commitment to SDG12: Responsible Consumption and Production, resource usage is monitored and managed. We took a crucial step forward in monitoring resource usage with the digitisation of our facilities data on electricity and fuel consumption. Automated internal alerts are triggered on our environmental management system whenever a critical non-compliance issue is flagged during audits. Oversight of our environmental profile was accelerated further through the creation of real-time dashboards which reflect the status of our waste and environmental audits.

In an important development, our engineering team developed an IoT air quality device which is equipped with gas emission detectors, temperature, together with sensors for air pressure, noise pollution and particulate matter. This device revolutionises air quality monitoring through the provision of real-time data and insights. This in turn can help governments, businesses, and individuals make more informed decisions to improve air quality and reduce pollution-related health risks.

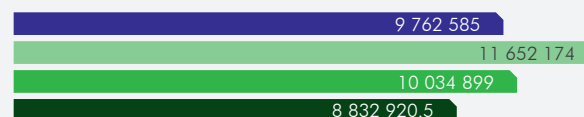
## ELECTRICITY, FUEL & WATER CONSUMPTION

FY20 FY21 FY22 FY23^

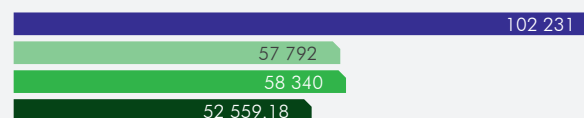
### ELECTRICITY (MWh)



### FUEL (DIESEL & PETROL - LITRES)



### WATER CONSUMPTION (m³)



^PWC assured FY23

## EDUCATING AND TRAINING STAKEHOLDERS

We educated 645 members of the public on electromagnetic frequency (EMF) and 5G during the undertaking of the Environmental Impact assessment and Environmental Audits of BTS sites. We also trained 91 Safaricom leaders, engineers and contractors on safe operations near active antennas.



## ENHANCING ENERGY SECURITY AND ALIGNING WITH CLIMATE ACTION

Electricity prices in Kenya have been rising steadily as Kenya Power seeks to raise more money to fund the upgrade of its ageing distribution systems. From the beginning of April 2023 – coinciding with Safaricom’s new financial year – the energy regulator approved price increases of approximately 63%. In the light of these rapidly rising energy tariffs, compounded by escalating diesel fuel prices and grid instability, and because energy, security and availability are critical for our platforms, our key energy management priority in FY23 was to enhance energy security.

Kenya Power, which owns and operates most of the electricity transmission and distribution system in the country was affected by three major national blackouts that resulted in cumulatively over 24 hours blackout. Consequently, over 1 000 sites were unavailable, and this impacted over one million subscribers. Our response has been to accelerate deployment of solar energy; implement measurement, digitalisation and automation; conduct energy audits and the filing of measurement and verifications reports; together with cost management.

Our alignment with our strategic pillars is set out in the table alongside.

### ALIGNING WITH THE STRATEGIC PILLARS



#### STRENGTHEN THE CORE

- Deployed **solar** at **1 432 sites**. Solar now accounts for 22% of the energy mix at monitored connected sites. This has resulted in the avoidance of resulting in over **370 tCO<sub>2</sub>e** annually – a highly positive move in the context of our carbon constrained world.
- **Modernised energy storage** to increase storage efficiency, modernising **950 sites**.
- Installed more **efficient rectifiers** at **278 sites** to improve energy efficiency.
- Installed **hybrid systems** with more than one energy source at **450 sites** to encourage battery deep cooling and reduce diesel consumption.



#### ACCELERATE NEW GROWTH AREAS

- **Digitised energy data** to facilitate remote monitoring.
- Rolled out data centre infrastructure management (DCIM) to six sites to **monitor, measure, manage and control energy consumption** in real-time.
- **Enhanced operational support system (OSS) monitoring**, leveraged remote network environmental software monitoring equipment, created alarms and alerts.
- Built our **own energy dashboards** to enable **remote monitoring** and **improve network stability** and **energy efficiency**.
- Conducted **training** on various digital energy platforms such as Microsoft Power BI.
- Deployed **218 smart meters** to the network.



#### BE A FINANCIAL SERVICES PROVIDER

- **Reduced energy consumed** per site including by **capping diesel costs**. This has been one of the contributing factors to reduced data bundle costs, thereby promoting financial inclusion.



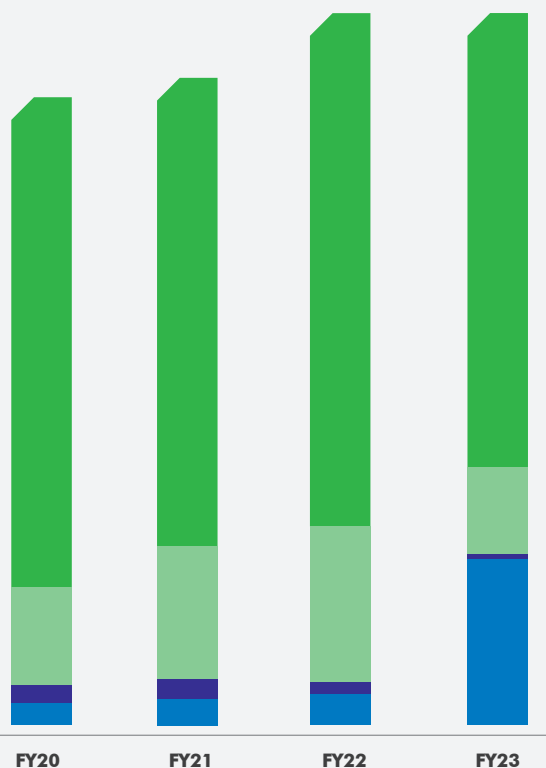
#### ACHIEVE COST LEADERSHIP

- Use of **solar** has not only lowered carbon emissions, but also helped to reduce costs. **Costs savings** amounted to KSh 23 000 at on-grid sites and KSh 59 000 at off grid sites.
- 13% of sites with solar **have not had any other fueling** done.
- Fitted 38 sites with **free cooling units**.

We continued to explore energy as a service (EaaS) to stabilise the remote cluster and improve service availability through mini-grid establishment with Safaricom as anchor tenant, connecting four sites. We also initiated Power Purchase Agreements and Independent Power Product partnerships at Rhemba island in Homa Bay County, as well as Turkana and Muranga counties. Pleasingly, we once again qualified for ISO 50 001 certification.



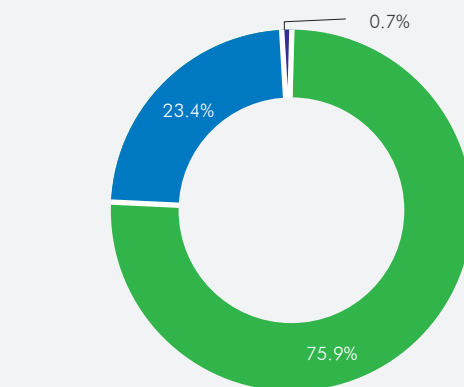
## NETWORK ENERGY BY SOURCE



- KPLC & Genset
- KPLC (no generator)
- 24/7 Diesel generator
- Solarised sites

	FY20	FY21	FY22	FY23
KPLC and genset	4 775	4 560	4 999	4 428
KPLC (No generator)	948	1 299	1 517	839
24/7 diesel generator	173	192	111	47
Solarised sites	221	255	310	1 432

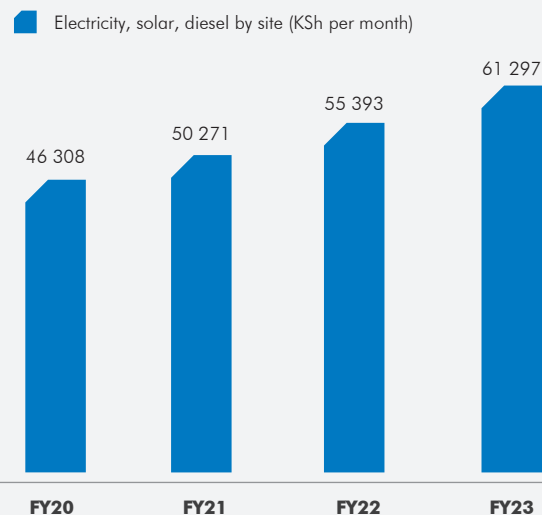
## NETWORK ENERGY BY PRIMARY SOURCE



- National grid
- Renewable energy (wind, solar & hybrid)
- Diesel generators

*Note: Deep cycle batteries are used but these store energy from the national grid, generators or renewable energy sources, meaning that this energy usage has already been accounted for.*

## COST OF ENERGY CONSUMPTION



## ENERGY EFFICIENCY

	FY20	FY21	FY22	FY23
Sites fitted with deep cycle batteries*	300	27	0	1 157
Sites with low-voltage auxiliary power supply	55	55	55	55
Sites fitted with free cooling units	88	88	88	198
Sites converted from outdoor to indoor**	7	41	0	0

\* These are being phased out. The plan is to replace them with lithium-ion batteries.

\*\* Sites are being converted only where it makes economic sense

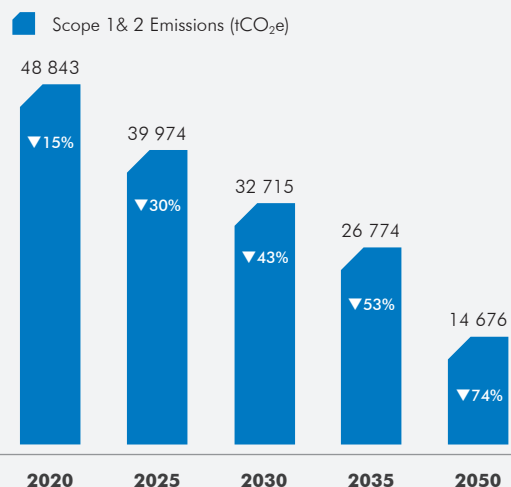
## PATHWAY TO NET ZERO BY 2050

We recognise that climate change poses both physical risks (i.e. caused by the increased frequency and severity of extreme weather events like flooding, droughts, etc) and transitional risks (i.e. economic, technology or regulatory challenges related to moving to a greener economy) for our business. Accordingly, we are currently aligning our internal processes to the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). The process of assessing the materiality of climate-related risks and opportunities follows relevant industry and sectoral benchmark data and takes into consideration our principal risks and opportunities.

For example, in terms of opportunities, energy is an important source of Scope 1 & 2 greenhouse gas (GHG) emissions and incurs significant costs. We have adopted a proactive approach to seize the opportunity of reducing both under a focused resource efficiency programme. This is underpinned by ambitious emission reduction targets, notably on scope 1 and 2 linked to energy consumption (74% absolute reduction of scope 1 and 2 emissions by 2050). These targets were approved by the Science Based Targets initiative (SBTi) in 2019.

The graph below summarises the absolute reductions we need to implement to achieve our target. These reductions were calculated using a compound average growth rate interpolation between our 2016/17 base year and 2050 according to the United Nations Intergovernmental Panel on Climate Change Fifth Assessment Report of the (IPCC AR5) for the Organisation for Economic Cooperation and Development (OECD) region. Currently, we are achieving our target with Scope 1 and 2 emissions standing at 38 726.59 tCO<sub>2</sub>e, against our target of 45 081 tCO<sub>2</sub>e. Our tree planting initiative resulted in the offset of 9 107.87 tCO<sub>2</sub>e. Based on the existing technology we estimate that we will be able to reach our SBTi-related target within the planned time.

### OECD PATHWAY REDUCTION TARGETS



We reduced our overall emissions from 57 802.59 tCO<sub>2</sub>e to 55 779.58 tCO<sub>2</sub>e. Both scope 1 & 2 emissions decreased, due larger to increased use of solar (1 432 sites) and modernisation of energy equipment (950 sites modernised). However, scope 3 emissions increased due to the increase in air travel emissions.

To ensure we reduce our environmental impact and meet our targets going forward, we continue to:

- Invest in renewable energy sources to reduce scope 1 and 2 emissions.
- Adopt energy efficient practices.
- Encourage suppliers to adopt sustainable practices and reduce their emissions.
- Optimise transportation logistics to minimize supply chain emissions.
- Implement waste management strategies to reduce waste generation and associated emissions.
- Drive the use of our individual carbon footprint calculator, available on our intranet, by our staff.
- Work towards our target of growing five million trees in five years to offset our remaining emissions.
- Collaborate with suppliers in line with our SBTi-related commitment that 10% of our suppliers by goods and services spend should set their own science-based targets by 2025. To date, only two out of 26 suppliers have done so.

Our CEO represented the African Business Leaders Coalition (ABLC), of which we are a founder member, at COP27. He officially announced the release of the ABLC Climate Statement and emphasized the magnitude of what can be accomplished by bringing together the African private sector perspective on the challenges of climate change.

*"Africa cannot act alone. We call on Governments of wealthy industrialized nations – the main greenhouse gas (GHG) emitters – and international financiers to act urgently to mobilize adequate resources and funding, build back trust by fulfilling commitments, and to support Africa adapt and build resilience to avoid the enormous cost of inaction. We recognise the unique opportunity before us to unite and take action to unlock Africa's sustainability advantage, with the support of the international community and African Governments."*

**The African Business Leaders' Climate Statement**  
Sharm El Sheikh, 9 November 2022



## INCREASING OUR CDP SCORE

We disclose our climate impacts through the CDP platform, making our response publicly available. This helps us hold ourselves accountable as we implement climate actions and benchmark with the best in the industry. In 2022, nearly 20 000 organizations disclosed their environmental information through CDP.

We improved our climate change score in FY22 from C to B which was higher than the Africa regional average of B-, and the same as the media, telecommunications and data centre service sector average of B. We also improved our supplier engagement score from C to B. This is higher than the Africa regional average of C, and higher than the media, telecommunications & data centre services sector average of B-.

## COLLABORATING WITH KENYA FOREST SERVICE

Our ambition is to plant five million trees by 2025. Once the trees have grown to maturity, this initiative will offset up to 26% of our carbon emissions, contributing to our aim of being a net-zero emitter by 2050.

In FY23 we planted 237 000 indigenous trees in 215 hectares of degraded forest. To date, we have planted over 1.3 million trees in collaboration with Kenya Forest Service (KFS) since 2019, positively impacting over 6 000 community members through job creation.

Between FY19 and FY21 we planted 215 000 trees – in Kieni Forest in Kiambu County – for which carbon reduction emission assessment was done in FY23, indicating we have offset 41.86 tCO<sub>2</sub>e.

A key development was the signing, a few days after year end, of a collaboration framework with KFS. This is focused on growing five million trees in public forest reserves through an 'adopt-a-forest' strategy which will aid reforestation, protection, and conservation of over 5 000 hectares in public forests. This will also support efforts of achieving 30% national forest cover. Degraded forest areas in Lamu County have been identified for reforestation and conservation. The partnership was signed at Kinale Forest, where Safaricom PLC staff, Kenya Forest Services, the local Community Forest Association and invited guests planted 10 000 trees.

*"Our collaboration with Safaricom is among our plans for environmental conservation. In line with the government's agenda, we aspire to plant about 15 billion trees in the next 10 years and more private sector partnerships and support from individual Kenyans will be crucial in achieving this goal."*

Julius Kamau, immediate former Chief Conservator of Forests, Kenya Forest Service

An important milestone in FY23 was the development of our own tree nursery for 200 000 seedlings at a cost of KSh 2 million. Purchasing these seedlings from an established nursery for planting would have cost us KSh 4 million. Another important milestone was the development and deployment of a bespoke Tree Growing Information System which helps collect and monitor data on our tree growing initiative.

### NUMBER OF TREES PLANTED OVER THREE YEARS TO OFFSET CARBON (CUMULATIVE)

	FY20	FY21	FY22	FY23
Trees planted	1 44 000	650 000	1 022 000	1 300 000

## QUANTIFYING OUR CARBON IMPACT

We decided on using the operational control approach in establishing our organizational boundary. In selecting this approach, those operations with which we can influence through introduction and implementation of operating policies will be included in our organisational boundary.

We are following the ISO 14064 guidelines to accurately measure and quantify emissions. The general procedure used to quantify GHG emissions involves taking the product of the activity data for each source and of the emission factor associated with the GHG emitting source.

**Scope 1 (direct) emissions** are generated by the combustion of fossil fuels in company-owned vehicles and generators. Using the emission factors provided by the UK Department for Environment, Food and Rural Affairs, emissions are quantified in the ways described in the table on the following page.

Scope 1 emissions declined as we reduced the fuel consumption of both our generators and fleet vehicles. The reduction of fuel use in generators was due to our aggressive transition to solar power during the year, while reduced fuel usage by our fleet was due to enhanced levels of maintenance and efficiency in our fleet vehicles.

**Scope 2 (indirect) emissions** are determined based on Safaricom's electricity consumption in our offices, retail shops, MSRs and base stations drawn from invoices and meter readings. We updated our scope 2 emission factors to the most recent emission factors, which reflect the most recent state of our grid electricity in accordance with the GHG protocol. While this is generated by renewable energy sources, it was not enough to reduce y-o-y consumption as we continue to expand our network on grid energy.

As indicated in the graphic alongside, our **scope 3 emissions** increased. This was mainly due to increase in air travel relative to reductions in the other scope 3 categories.

It is important to note that we have revised our GHG emissions data for previous years in accordance with the GHG Protocol Corporate Standard. The retroactive application of updated emission factors has resulted in changes to reported emissions for impacted years. These changes are solely attributable to the revised emission factors and not to actual operational activities or intensity. They are in line with our ongoing aim to enhance the accuracy and reliability of our GHG inventory data which is important in enabling informed decisions, setting reduction targets, and monitoring progress towards a more sustainable future. We are committed to upholding integrity and transparency in reporting practices, adhering to the Greenhouse Gas Protocol Corporate Standard, and continually refining methodologies to ensure accurate and up-to-date measurement of emissions.

## QUANTIFYING OUR CARBON IMPACT

### SCOPE 1 EMISSIONS



#### DIESEL COMBUSTION

We measure the amount of diesel (100% mineral diesel) used by active fleet and generators and for the use of diesel fuel.



#### PETROL COMBUSTION

We track the amount of fuel consumed by vehicle used for business purposes, by issuing fuel cards to employees for fuel purchases. This enables easy measurement of petrol usage.



#### REFRIGERANTS

Refrigerants are used by ventilation, and air conditioning in each of our facilities. We extract consumption data from the purchase orders when refrigerant cylinders are replaced.

Emission factors from reputable sources have been used to quantify the following:



#### BUSINESS TRAVEL

Calculated by our travel agencies and their travel booking systems which manage our air travel, while road travel is calculated internally. All emissions are calculated using DEFRA emission factors.



#### UPSTREAM TRANSPORTATION AND DISTRIBUTION

We measure the transportation and distribution of purchased products between our tier 1 suppliers and our operations in vehicles not owned or operated by us (including multi-modal shipping where multiple carriers are involved in the delivery of a product while excluding fuel and energy products).



#### WASTEWATER

Calculated from disposal of wastewater from our offices and retail shops which are managed by third parties

### SCOPE 3 EMISSIONS

#### EMPLOYEE EMISSIONS INTENSITY (tCO<sub>2</sub>e/FTE)



## SUMMARY OF SAFARICOM CARBON FOOTPRINT

### SUM OF GHG EMISSIONS (tCO<sub>2</sub>e)

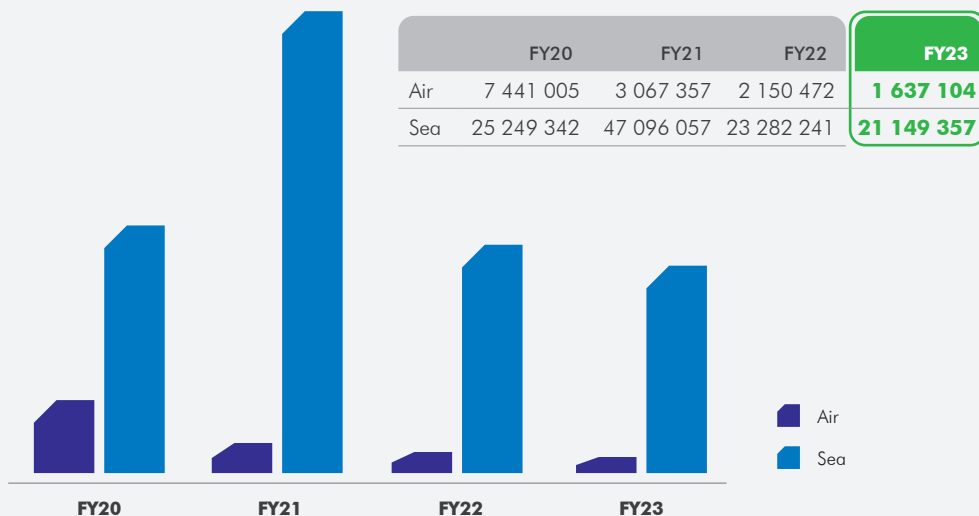
	FY20	FY21	FY22	FY23 <sup>^</sup>	CO <sub>2</sub> emissions (FY23)	CH <sub>4</sub> emissions (FY23)	N <sub>2</sub> O emissions (FY23)
<b>SCOPE 1</b>							
Stationery combustion							
- Diesel consumed in generators	21 815.37	26 354.00	22 083.94	19 395.09	19 151.71	2.12	241.26
Fleet							
- Petrol	676.05	300.81	610.30	319.65	317.72	1.12	0.81
- Diesel	3 631.72	3 310.65	3 923.98	3 420.36	3 377.44	0.37	42.55
Total Refrigerant	2 188.17	1 159.98	998.65	1 189.80	0.00	0.00	0.00
<b>TOTAL SCOPE 1<sup>^</sup></b>	<b>28 311.30</b>	<b>31 125.44</b>	<b>27 616.88</b>	<b>24 324.90</b>	<b>22 846.86</b>	<b>3.62</b>	<b>284.62</b>
<b>SCOPE 2</b>							
Purchased Electricity (Location-based)	10 544.31	12 099.86	13 560.00	14 415.26	14 298.06	46.88	70.32
<b>TOTAL SCOPE 2<sup>^</sup></b>	<b>10 544.31</b>	<b>12 099.86</b>	<b>13 560.00</b>	<b>14 415.26</b>	<b>14 298.06</b>	<b>46.88</b>	<b>70.32</b>
<b>TOTAL SCOPE 1 AND 2</b>	<b>38 855.61</b>	<b>43 225.30</b>	<b>41 176.88</b>	<b>38,740.15</b>			
<b>SCOPE 3</b>							
Air travel	2 153.39	154.49	1 060.57	1 464.43	1 457.12	0.10	7.21
Taxis	465.20	523.61	462.79	407.67	404.39	0.01	3.28
Car Hire (Business Travel)							
- Diesel	-	621.05	-	0.00	0.00	0.00	0.00
- Petrol		466.27	282.01	275.18	273.52	0.96	0.70
<b>Total Business Travel</b>	<b>2 618.59</b>	<b>1 765.42</b>	<b>1 805.37</b>	<b>2 147.28</b>	<b>2 135.03</b>	<b>1.07</b>	<b>11.19</b>
Sea Freight (Upstream transportation & distribution)	454.53	833.31	413.99	374.43	369.98	0.14	4.31
Air Freight (Upstream transportation & distribution)	8 432.21	3 476.20	2 436.61	1 780.70	1 771.80	0.09	8.82
Water Supply (Waste water)	14.71	15.07	8.52	9.11			
Capital Goods	6 187.37	8 326.20	11 961.23	12 727.89			
Processing of Sold products	0	0	0	0			
<b>TOTAL SCOPE 3<sup>^</sup></b>	<b>17 707.40</b>	<b>14 416.20</b>	<b>16 625.72</b>	<b>17 039.43</b>	<b>4 276.81</b>	<b>1.29</b>	<b>24.31</b>
<b>TOTAL CARBON EMISSIONS</b>	<b>56 563.01</b>	<b>57 641.50</b>	<b>57 802.59</b>	<b>55 779.58</b>	<b>41 421.74</b>	<b>51.79</b>	<b>379.25</b>

<sup>^</sup>PWC assured FY23



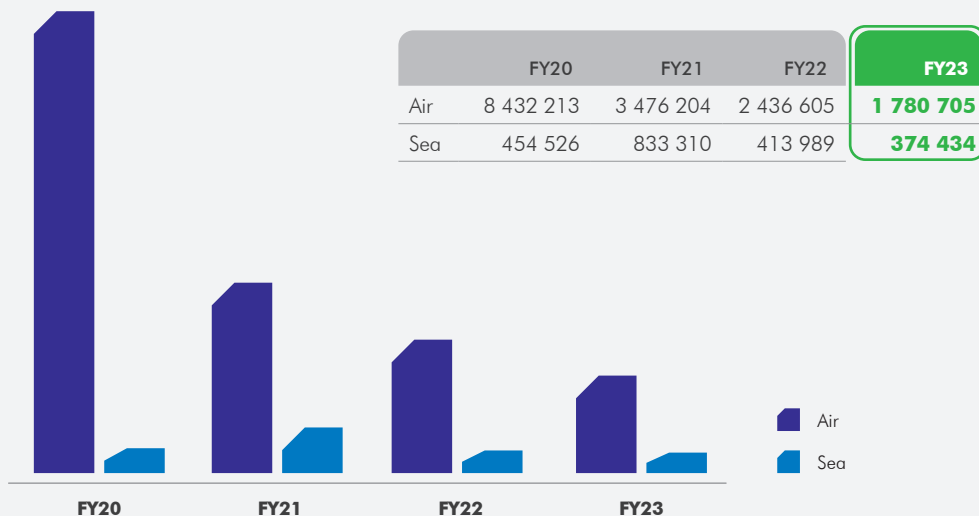
## AIR & SEA EMISSIONS

(Tonnes.km)



## AIR & SEA EMISSIONS

(kgCO<sub>2</sub>e)



## FUTURE FOCUS

- Develop a planet strategy for Safaricom.
- Develop a take-back programme for e-waste and network waste.
- Facilitate and expand solar deployment.
- Reduce power-related outages by 20% y-o-y.
- Work with suppliers to decarbonise their operations.
- Onboard permanent service provider for network equipment waste disposal.
- Improve our digital maturity index from 3 to 4 by automating our ESG/sustainability data collation and reports, leveraging a central repository for sustainability and environment data/info, addressing carbon data inconsistency and automating the EIA process.
- Improve our organisational GHG reporting in line with ISO 14064.
- Shift our CDP score from 'B' to 'A'.
- Reach three million trees in our tree growing programme.
- Review and update our carbon reduction targets aligned to the Science Based Targets of keeping the average global temperature rise below 2.0°C.

## SDG GOALS



We transform lives in areas of healthcare (SDG3) and education (SDG 4). To do so, we co-create innovative solutions (SDG 9) by leveraging our expertise, technology, and partnerships (SDG17).

## OUR HIGHLIGHTS

- Increased the number of connected schools in the Last Mile Connectivity Project for primary schools which accelerates digital learning.
- Partnered with the Government of Kenya on the e-fertiliser subsidy project.
- Launched non-communicable disease content platform.

# INNOVATION & PARTNERSHIPS

## DELIVERING SOCIAL IMPACT

Our overarching mission is to leverage connectivity to design, co-create, develop products and services that unlock new digital opportunities while delivering social impact to embed purpose at the core of our business. The Agile culture within which we operate has created the freedom to continuously learn, adapt and improve solutions based on feedback, insight, and changing needs. This flexibility allows us to refine and iterate on our strategies and approaches to achieve long-term sustainable impact. We leverage the power of big data as we work to contribute to social and economic development, address inequalities and empower marginalised populations.

We continued to work with the Groupe Speciale Mobile Association (GSMA), an association representing the interests of mobile operators and the broader mobile industry worldwide on their AI for Impact (AI4I) initiative. This is focused on developing global partnerships to accelerate action and achieve impact in alignment with the UN SDGs.

## DIGITAL SOLUTIONS FOR HEALTHCARE

We developed Afya Moja, a medical records health portability platform, in a consortium partnership (with Savannah Informatics Ltd, Intellisoft Consulting Ltd). Both partners are well versed in the private and public healthcare space in Kenya. The service will provide a continuum of care by creating the ability for patients to coordinate care across various health

service providers. **Afya Moja** is a simple, mobile-based digital health passport that receives and securely stores patient information. The system allows users to access a copy of their own health data and share it with trusted healthcare providers. Doctors, upon consent, can act on the data and respond to patient needs. The first phase of the platform is expected to go live in November 2023.

We closed out our Fafanuka health information platform. Based on customer feedback and insights and in collaboration with Savannah Informatics, we created a new **non-communicable disease content management platform**. This provides information on how to prevent, manage and treat non-communicable diseases like diabetes. It was first rolled out in Nairobi County. There were 500 users during the first week of platform activation at Kasarani Health Centre.

We continued to pilot an AI symptom checker and telehealth service known as **'Byon8'** in partnership with BYON8 AB. The service seeks to make high-quality healthcare more accessible, affordable and equal by digitalising healthcare on an individual level. During the pilot phase, over 15 000 people installed the Byon8 app; more than 5 000 people in remote and urban areas interacted with the service to get free healthcare advice; and over 800 people were able to reach doctors and get prescriptions in areas where it was not previously possible.

*"I remember when I used to spend money to travel to go to Eldoret just to see a consultant who sees you for five minutes. Sometimes you go on a day that they are not in. I enjoy the personalised interaction with doctors on Byon who fit in to my schedule. Best medical service app so far, forever grateful for these guys. The customer care team is on another level!"*

Job Simiyu, Byon 8 customer

There are enough ambulances to service Kenyan citizens, but the challenge is that there are sometimes too many in one area and too few in another. In other words, it is all about logistics. Accordingly, we have begun the development process of an **ambulance aggregator initiative**. This consolidates all available emergency responders into a single map, letting dispatchers instantly find the best and closest provider as well as track all rescues in real time. The research phase for the project is now complete, the business case has been established, we have identified a partner and are testing the product.

In partnership with the M-PESA Foundation, Gertrude's Children's Hospital and the County Governments of Samburu, Baringo, Lamu and Homabay, continued the **Daktari Smart telemedicine programme**, positively impacting 1 568

children. Daktari Smart is a kit comprising electronic medical devices which monitor patients' vital signs and enable remote consultation.

We have renewed the partnership with **the Kenyan Healthcare Federation (KHF)** which creating an enabling environment that supports quality and affordable healthcare for all. As the voice of the private health sector, KHF ensures we are constantly engaged in policy discussions and are kept abreast on policy developments, new policies that may impact our operations within the industry.

## ENHANCING ACCESS TO QUALITY EDUCATION

One of Kenya's key challenges is access to quality education with limited facilities and infrastructure. Digitisation can help to ensure education equity. We are helping to achieve this through the **Connecting Schools** initiative which is focused on enabling online learning and promoting the use of digital tools, including children with disabilities. The aim is to connect 1 000 schools, with 126 currently connected.

We continued our partnership with **Zeraki Learning** to provide secondary school learners with access to affordable education services from well trained teachers leveraging informative video lessons. Since inception, there have been 425 328 downloads, with 352 925 downloads in FY23. A total of 17 318 transactions to date and an average of 51 transactions per day.

## PARTNERING TO PROVIDE HUMANITARIAN AID

Natural disasters in Kenya have continued to result in loss of lives and property, with grave consequences for the survival, dignity and livelihood of individuals – particularly the poor – and reversal of development gains. The partnerships set out below aim to help those in need.

PARTNERS:		
	Kenya Red Cross	World Vision (WV)
AIM	Early warning messages help to avert loss of lives due to disasters like floods	Enable fundraising of WV's Angaza Programme which supports children and families in the Salga community through Bonga points for food relief
OUTPUTS	The SMS campaign impacted over 7 million lives who were able to take necessary precautions with over 450 customers reaching out to the Red Cross for further assistance.	We contributed KSh 100 million to kickstart the campaign. Kenyans donated their Bonga points. To date, the Bonga for Life initiative has impacted 9 400 lives directly and indirectly and KSh 864 million has been raised.

## HELPING TO ENHANCE FOOD SECURITY

Fertiliser prices in Kenya have been rising steadily. Together with drought, particularly in the ASAL regions, this has sent the price of food skyrocketing. To counteract the situation, the Government has directed that 1.4 million bags of 50kg planting fertiliser be distributed to farmers at a subsidised cost of KSh 3 500 each, down from KSh 6 000.

The e-fertiliser programme is based on an electronic vouchering solution that uses data and SMS for managing the





issuing, redemption and reconciliation of vouchers on behalf of the Ministry of Agriculture. Over five million farmers have been registered in the system, with their cellphone numbers recorded to ensure smooth communication and transparency of the programme, which targets 10 million farmers when fully rolled out.

The fertiliser is being distributed in 12 priority 'breadbasket' counties including Narok, Bungoma, Uasin Gishu, Nakuru, Trans Nzoia, West Pokot, Migori, Kakamega, Bomet, Elgeyo Marakwet and Nandi. Distribution of the 71 000 metric tonnes of fertiliser valued at KSh 35 billion is being implemented by the National Cereals and Produce Board (NCPB) and Kenya National Trading Corporation

We are proud to have been chosen to collaborate in this effort whereby over 490 000 bags of fertiliser had been redeemed as of 1 March 2023.

## ENABLING OUR VISION

Our strategic partnerships enable our vision to be a purpose-led technology company by the end of 2025. To cite a few examples: Amazon Web Services (AWS) has helped us to deploy best-in-breed cloud infrastructure and platform for innovation and service delivery. More than 750 Safaricom employees AWS certified or accredited. Our aim is to build a Safaricom AWS Business Group that is the first African-born premier AWS partner, demonstrating innovation leadership on next-generation technologies to provide compelling solutions to East African enterprises and customers.

Another example is our collaboration with Meta (formerly known as Facebook) to bring more people online by showing the value of being connected. Meta supports the Lipa Mdogo Mdogo (LMM) service, which aims to promote the uptake of smartphones in the low-income market segment. LMM offers affordable smartphones in installments from as little as KSh 20 daily, with over 900 000 customers benefiting in FY23.

One of the biggest challenges that entrepreneurs in Kenya face is access to capital. It can be difficult for new businesses to secure the funding they need to get off the ground, and this can limit their ability to grow and create jobs. To address this challenge, we need to encourage the development of alternative financing options, such as venture capital.

Under the umbrella of the Spark Fund, the Ajua, Eneza, iProcure, Sendy and SokoFresh startups continued to demonstrate growth. In addition to the growth in valuation, the portfolio companies have had a multi-faceted positive impact on Safaricom:

- Delivered revenue for Safaricom of US\$3.45 million across M-PESA, SMS, data and billing.
- Following investment from Safaricom, gone on to cumulatively raise more than US\$50 Million in follow-on investment from leading venture capital funds such as TLCOM Capital, Novastar, I&P Global, Toyota Tsusho, DoB quity among others
- Continue to be key catalysts across the Kenyan tech-ecosystem providing direct employment to more than 500 staff and impacting more than 50 000 individuals and businesses indirectly

## FUTURE FOCUS

- Enhance use of the SDGs as a framework for driving user-centric design and collaborative ecosystems
- Impact inclusive communities through our products and services that are geared to social impact, targeting to reach one million lives.
- Continue to focus on education, humanitarian aid, health and agriculture as our main pillars targeting to implement at least six products and services that cut across the pillars.
- Enhance sustainability of our initiatives throughout the product development lifecycle by investing and ensuring our profitability across our products anchored on purpose.
- Provide relevant integrated solution partnerships to ensure Safaricom's position as partner of choice to SMEs.
- Expand partnerships to help drive Government digital transformation initiatives.

## OUR STRATEGIC PARTNERS & IMPACT

### ENERGY

#### KENYA POWER

- Lease of poles for fibre optic cables.
- Laid over 7 766 km of Safaricom fibre on Kenya Power poles with deployment in 45 counties.

#### M-GAS

- Local LPG distributor, M-Gas leverages NB-IoT (Narrow Band Internet of Things) connectivity and the M-PESA service to enable pay-as-you-go cooking.
- M-Gas serves 360 000 households via 27 depots. Safaricom has invested in Circle Gas (the holding company of M-Gas Kenya) and supports M-Gas Kenya by offering enterprise services (voice, data, NB-IoT, M-PESA) to enable pay-as-you-go cooking and enhanced service delivery to customers.

### ENTREPRENEURSHIP

#### AMAZON WEB SERVICES (AWS)

- A key enabler for our vision to be a purpose-led technology company by the end of 2025.
- 16 enterprise customers currently on AWS.
- DigiFarm eMarketplace, a one-stop-shop that enables farmers to sign-up and sell their produce in a frictionless manner using their mobile phones, tablets or computers

#### GOOGLE

- Providing digital services that empower a connected society.
- Lipa Mdogo Mdogo has over 900 000 customers and has loaned approximately KSh 6.5 billion.
- In the reporting period, 58% of our customers upgraded from 2G devices.
- Almost one million daily active users Google's YouTube Music platform.

#### MICROSOFT

- Partnership provides clients with the most popular enterprise solutions, including cloud-based solution that enable efficient and reliable business operations.

### INCLUSION

#### META

- Meta (formerly Facebook) is part of the Lipa Mdogo service which aims to promote the uptake of smartphones in the low-income market segment.
- Meta shared user experience insights that led to the development and marketing of data packages which in turn resulted in the sale of 900 000 smartphones.

#### SPARK FUND

- Safaricom Spark venture fund invests in and supports late-seed, early-growth stage Kenyan companies. These include Ajua, Eneza, iProcure, Sendy and SokoFresh.

#### AJUA

- Africa's first Integrated Customer Experience company.
- Over 17 million consumers have interacted with the Ajua platform which has expanded beyond Kenya into Nigeria.

#### SENDY

- Logistics provider has raised over US\$30 million since the Safaricom Spark Fund's initial investment.
- Expanded beyond Kenya to Cote D'Ivoire, Nigeria, Uganda and other African countries.

#### IPROCURE

- Provides access to quality, affordable inputs for smallholder farmers as well as business intelligence and data-driven stock management across different supply chains for manufacturers and agro-vets.
- Over US\$10 million raised since initial investment from Safaricom Spark Fund.

#### ENEZA

- Shupavu291, a revision tool for learners in primary and secondary schools across Kenya.
- Over 10 million + lifetime users across Kenya, Ghana, Rwanda and Cote D'Ivoire.
- 23% of students show an improvement in academic performance after learning with Eneza for nine months.

#### SOKO FRESH

- Provides access to cold chain infrastructure that extends the shelf life of produce for DigiFarm farmers.
- Works with DigiFarm to accelerate the aggregation pillar across different horticultural value chains.



# OUR STAKEHOLDERS

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# CUSTOMERS

## CONSUMER CUSTOMERS

### TARGETING OUR CUSTOMERS MORE CLOSELY

Facilitated by our Agile methodology, we are focusing more closely on meeting the specific needs of our customers while providing enhanced value. The shift to Agile has resulted in quicker go-to-market with new products and improvements.

We revamped our monthly plans to consolidate PostPay and All-in-One monthly plans under our 'Go Monthly' proposition, delighting customers with lower prices and enabling them to enjoy a digital lifestyle in an affordable manner. Customers on the 5k and 10k plans have access to unlimited data capped at 45GB and 100GB respectively, after which they will browse at 3Mbps speed. Plans have a validity of 30 days, and only data will roll over upon renewal of PostPay or purchase of another monthly bundle. From as low as KSh 500 per month, customers who prefer minutes or internet only can also enjoy the minutes or data-only Go Monthly plans respectively. Go Monthly customers now enjoy free 2GB YouTube every month and can now use their minutes to call across all local networks as well as China, India, the USA and Canada. We have also introduced a device bundling option that will enable Go Monthly customers to acquire 4G and 5G smartphones via a monthly repayment plan inclusive of data, voice, and SMS bundles.

Other ways in which we continued to deliver relevance and value were the through the introduction of hourly Okoa data, through cashless payment service Lipa na M-PESA and our ongoing drive to increase the penetration of 4G-enabled mobile devices through our device financing programme while providing the right content to encourage usage.

### PARTNERING TO MAXIMISE BONGA POINTS

The Bonga loyalty scheme continued to be very popular. Under the scheme, customers earn Bonga points for spend on voice calls, SMS, or data. We have partnered with various businesses to help customers maximise their points. For example, 'Fly with Bonga Points' is a campaign based on a partnership between Safaricom and Kenya Airways. It allows customers to redeem their Bonga Points for Kenya Airways tickets. Lipa Na Bonga is a service that allows customers to redeem their Bonga Points and pay for goods and services at all Lipa Na M-PESA buy goods tills countrywide, as well as some select Paybill numbers.

We have also partnered with a few merchants to give customers Bonga Deals. Bonga Deals are discounts negotiated on behalf of Safaricom customers to give them extra deals, besides using Bonga points to redeem for goods or services. In addition, Safaricom and the Nairobi Securities Exchange (NSE) have a partnership that enables Kenyans to invest in stocks using their accrued Bonga points.

Bonga data bundles is a service that allows Safaricom subscribers to access and buy data bundles using their Bonga points and redeem their minutes for talk-time, MMS and SMS bundles. Sambaza Bonga allows customers to transfer their Bonga points to family and friends for them to redeem for merchandise and goodies later. Bonga for Good enables customers to donate their Bonga points to charity.

#### OUR HIGHLIGHTS

- Enhanced customer service delivery through deployment of the Falcon tool, as well as a self-service business hub.
- Increase in mobile data revenue from KSh 48 billion in FY22 to KSh 53.59 billion in FY23.
- Growth of 17.9% in fibre to the home customers.
- Launch of Shiriki, an affordable easy to use voice/data product targeted at small and medium enterprises / micro enterprises.

#### ISSUES FOR OUR CUSTOMERS

- Access to support and quick resolution of issues.
- Need for enhanced value given reduced earnings and the constrained macro-economic environment.



## GROWING OUR CUSTOMER BASE

Our targeted consumer offerings as described on the previous page, together with revised pricing, all had a positive impact on our customer base and customer digitisation growth. The number of customers increased by 3.1% to 43.75 million, while M-PESA customers increased from 30.53 million in FY22 to 32.11 million in FY23. Mobile data customer penetration was 64% of the total customer base.

Mobile data revenue grew strongly, from KSh 48 billion in FY22 to KSh 53.59 billion in FY23. Similarly, there was good growth in 30-day active mobile data customers from 25.22 million last year to 26.07 million this year.

Access to the internet creates a platform for transformation, and we have focused on customer acquisition by launching the Open Market bundling that has seen an improved attachment rate of 4G devices by 20.6% YoY to 13.2 million devices. Similarly, the MBs per user have grown by 28.9% year-on-year.

Fibre to the home customers grew by 17.9% year-on-year to 195 741 homes. Since inception in April 2021, the number of customers engaging daily on the reverse call service has increased significantly, with reverse calls almost doubling from 73 million to 130 million.

## DIGITISING THE CUSTOMER

	FY20	FY21	FY22	FY23
Smart phones connected to the network (million)^	15.0	16.7	18.5	20.3
4G enabled smartphones (millions)^	6.1	8.5	11.1	13.2

^PWC assured FY23

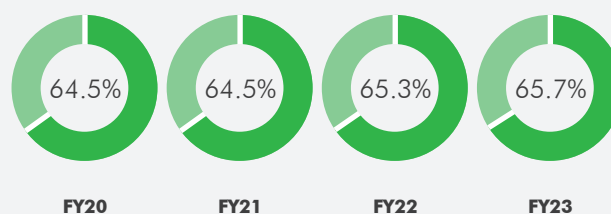
## OUR CUSTOMER PROFILE (MILLION)



■ Mobile data customers  
■ M-PESA customers  
■ Total number of consumer customers

\* Mobile data customers number restated from prior year

## TOTAL MARKET SHARE (%)



## ENTERPRISE CUSTOMERS

### RE-CATEGORISING OUR CUSTOMERS

Previously, we categorised our enterprise customers into three main groups: Large Enterprises (LEs) – more than 50 employees; Small-to-Medium Enterprises (SMEs) – between 10 and 50 employees and Small Offices-Home Offices (SOHO) now classified as micro enterprises – less than 10 employees. As indicated in the table below, we have now separated our Public and County customers from LEs and SMEs. Our target for this customer base is to achieve revenue of KSh 4.1 billion by FY25, at a compound annual growth rate (CAGR) of 20.66%. In FY23 we generated KSh 3 billion and are on course to meet the target.

The total number of SME and micro enterprises customers significantly grew year on year (y-o-y). LE customers dropped slightly, due to the re-categorisation described in the previous paragraph. We had targeted 700 county and public customers but fell slightly short of this goal. Market share in the corporate share was constant, while micro enterprises market share increased by 14 percentage points (y-o-y).

### PROFILE OF OUR ENTERPRISE CUSTOMERS

	FY20	FY21	FY22	FY23
Total number of Small and Medium enterprises (thousands)	75	101	90	<b>133</b>
SME revenue growth (2022-2023)	48%	12%	34%	<b>18%</b>
Total number of micro enterprises (thousands)	210	299	210	<b>560</b>
Micro enterprises revenue growth (2022-2023)	48%	20%	92%	<b>12%</b>
Total number of large and public enterprises	1 200	1 255	1 365	<b>1 593</b>
Large enterprise revenue growth (2022-2023)	19%	-15%	19%	<b>18%</b>
Market share in corporate segment (by customers)	99%	99%	99%	<b>99%</b>
Market share in SME segment (by customers)	20%	25%	32%	<b>92%</b>
Number of enterprise customers (thousands)	286	401	360	<b>695</b>
Market share by revenue (excluding payments)	53%	55%	58%	<b>61%</b>

**Note:** The redefinitions in table are based on the Strategic Plan 2020-2024 by the Micro and Small Enterprises Authority.

## DIGITISING OUR OWN AND OUR CUSTOMERS' OPERATIONS

Our aim is to establish the Enterprise Business Unit as the leading partner of holistic value offerings and customer experiences.

A key highlight was the development of the Falcon tool which has been through several iterations. This has significantly improved our service turnaround time as tasks that previously needed to be completed manually like order management and sales are now automated. This end-to-end system for onboarding customers has made our service delivery faster and seamless.

In addition, our customers can now make use of self-service business hub where they can discover our services and submit service requests. There were 802 000 visitors to the site [business.safaricom.co.ke](https://business.safaricom.co.ke), with 6.6% of our customers converted. We are refining the channel so that customers will soon be able to view and pay for their invoices as well as other account management functions such upgrade, downgrade, suspension or termination.

### GROWING OUR ICT PROPOSITIONS

We accelerated our ICT propositions related to security services (cybersecurity, together with video management and storage), digital transformation, interactions and cloud services. In terms of security, video management and storage offer significant advantages for smart cities and towns.

Our IoT use case continued to offer business and company owners the opportunity to realise the efficiencies created by technology. Telematics solutions in the form of fleet management and remote tracking of various assets continued to gain traction. So, too, did our partnership with Earthview on smart water. This gives municipalities, landlords and business owners a digital view of how much water has been consumed, how much has been lost, etc.

### RESOLVING CUSTOMER CONCERNS

Key customers concerns were the cost of our mobile voice and data, and M-PESA charges; reliability of our services particularly internet (fibre and wireless); access to support and quick resolution of issues; concerns around value for money in how our products and propositions, as well as structured, accurate and easy-to-understand bills delivered on time.





We continued to rationalise our prices across key product, significantly reducing mobile data prices. We also crafted solutions that address specific segments instead of a one-size-fits-all. One such example is Shiriki, an affordable easy to use voice/data product targeted at SME/SOHO customers. A post pay service, Shiriki gives business owners access to a central 'wallet' with communication resources which they can share with their employees depending on their changing calling, browsing and SMS requirements. Another example is the dedicated EBU 'CARE' team that exclusively supports enterprise customers with services including fixed data, mobile voice/data and M-PESA merchant services.

We are progressing service reliability in three ways:

- Building resilience of our network to ensure that we have redundancy.
- Working with local/government areas to proactively move fibre cables from road or water construction areas to avoid fibre cuts.
- Ensuring we have power back up across all our sites to ensure uptime in case of main power downtimes

We continued to upskill our support teams to ensure quick resolution of issues and encouraged our customers to make use of self-service options through USSD, web and app.

In terms of bill delivery, we embarked on a programme to clean up customer contacts to ensure timely delivery of bills and payment reminders via email and SMS on time. We continued with our 'kindergarten' programme whereby new customers are hand-held for the first three months after they sign up, to understand their bills and how to make payment

## MAINTAINING HIGH LEVELS OF CUSTOMER SATISFACTION

Delighting our customers is the key focus of our Customer Obsession journey. We continue to use the Net Promoter Score (NPS) and Brand Consideration (BC) scores to monitor customer satisfaction. Our ambition is to be number one in NPS in our peer group. NPS measures the likelihood that a customer would recommend Safaricom to other customers, family or friends, based on their overall experience. BC measures the likelihood that a customer will purchase a particular brand based on their perceptions of that brand. Both NPS and BC are primarily determined using customer surveys.

The NPS consumer score declined slightly in FY23 against the backdrop of the tough inflationary environment in which consumer spend was under pressure. We responded by offering products and services that delivered more value. However, compared to the competition, they were felt to be more costly. Within this operating context, the fact that the score remained stable can be attributed to our more stable network and to M-PESA.

Pleasingly, enterprise NPS continued to improve, with customers citing consistency in network availability and quick, efficient customer support as significant advantages.

## NET PROMOTER AND BRAND CONSIDERATION SCORES

	FY20	FY21	FY22	FY23
NPS (consumer)^	59	65	64	63
NPS (enterprise)*	29	31	35	36
Brand consideration^	70	81	80	80

\* No 1 in each year

^ PWC assured FY23

## ENGAGING WITH OUR CUSTOMERS

The main channels through which our customers engage with us are our call centres and self-service options. To offer our customers a superior omni-channel experience, we are driving self-service uptake and collaborating with the digital team to simplify, automate or digitise these channels. We are also working to integrate a more advanced version of CloudIPCC, a software solution that assists in call routing issues and that offers a more fully automated planning tool which incorporates social media.

Our aim is to convert the contact centre from a cost to a revenue, generating centre through cross selling to other companies. We are also looking to reduce costs through a more flexible way of working which enables matching staff capacity with high call periods.

## CALL CENTRE PERFORMANCE

	FY20	FY21	FY22	FY23
Abandon rate	14%	7%	24%	40%
Average number of calls answered weekly	99 800	98 251	105 321	86 782
Call answer rate	86%	84%	76%	58%
NPS (COPS, overall)	38	48	83	**47
Service level*	77%	89%	63%	49%
MySafaricom app downloads	264 947	206 337	373 117	182 217

\* % of call answered withing 20 seconds \*\*April statistics

## ZURI AT A GLANCE

	FY20	FY21	FY22	FY23
Total unique users	446 417	1 960 617	3 293 259	12 202 236
New users	344 190	1 514 200	2 903 235	**535 790
Total interactions (Daily average)	1 567	10 366	24 480	120 659

\*\* April statistics

## SELF-SERVICE OPTIONS INCLUDE THE FOLLOWING:

### ZURI

Available on Messenger, Web, Telegram and WhatsApp, our virtual Assistant executes easy-to-complete tasks that do not require human input, ranging from airtime top-ups to accessing PUK numbers and reversing M-PESA payments.

### INTERACTIVE VOICE RESPONSES (IVR)

Used by visually impaired customers who use the service to confirm their M-PESA balances before and after making transactions. Feedback from our visually impaired customers is that this innovation gives them independence and enhances the security of their accounts as they can transact without revealing their PINs.

 **3%** YoY USAGE GROWTH FROM FY21

### MYSAFARICOM

Available on both iOS and Android, the MySafaricom app is one-stop shop for accessing Safaricom products and services

**182 217**  
DOWNLOADS

### 456 M-PESA SELF-SERVICE

Requests for an M-Pesa reversal of cash sent to the wrong person are triggered through an SMS to 456.

**56 800**  
REVERSAL REQUESTS IN FY23

### JITAMBULISHE

An enhanced voice biometric service that allows our customers to enrol their voice and use it for identification to access diverse services such as accessing their Personal Unlocking Key (PUK).

**10 119 963**  
USERS IN FY23  
(FY22: 7 812 440)

### 719 HOTLINE

We established the hotline during the COVID-19 pandemic. While this remained open in 2023, it was not used by members of the public.

## FUTURE FOCUS

### All customers

- Further develop our proactive use of customer experience insights to resolve customer issues under our 'no need to call' mission.

### Consumer customers

- Drive relevance and keep growing usage by introducing new attractive propositions.
- Expand our product and service offerings like lower entry price points, device contracts, as well as content and family plans.
- Expanding the digital channels for accessing data plans, such as an Instagram mobile centre.
- Enhance data experience through ongoing focus on network stability.

### Enterprise customers

- Further entrench Safaricom as the partner of choice for the Government and public sector.
- Target 36% y-o-y revenue growth and 10% y-o-y improvement in customer satisfaction (NPS score).
- Accelerate new growth areas.

## SDG GOALS



We are partnering to accelerate socio-economic and educational upliftment (SDG17), prioritising maternal, neonatal and child health programmes (SDG3); and working to enhance educational and economic empowerment outcomes through all levels of society (SDGs 4, 8 and 10).

## OUR HIGHLIGHTS

- Developed Safaricom Foundation 2023 – 2026 strategy. 2.4 million lives impacted through
- Foundations programmes.
- 1 027 youth trainees equipped with sustainable skills for the construction and hospitality industries under the Safaricom Foundation Scholarships initiative.
- M-PESA Foundation Academy reached 414 learners and supported 574 students in various tertiary institutions.
- Over 40 000 women reached through the Afya Uzazi Salama programme.
- Supported 392 initiatives across 47 counties through the Ndoto Zetu Phase 4 initiative, benefiting over 709 537 people.
- 530 farmers have been engaged and empowered through Wezesha Agri.

## ISSUES FOR SOCIETY

- Ongoing drought in ASAL regions and floods in low land areas.
- Rising food and energy prices.
- Insurgency in some counties impacting speed of programme delivery and community engagement initiatives.

## SOCIETY

## PARTNERING TO ENHANCE EQUITY

In FY23, the Safaricom Foundation launched its 2023 – 2026 strategy, Partnering to Enhance Equity. This was developed following a comprehensive review of the 2018-2021 strategy, together with an analysis on pressing community development priority needs, meeting with partners, community members, research and academic institutions, county and national government representatives, thought leaders, resource providers/donors and benchmarking with lead foundations.

Both Foundations have continuously analysed the reports to grasp what is and what is not working in the investment of social impact interventions, using the learning to improve on the design and implementation of its subsequent interventions.

Through these engagements, valuable insights and a comprehensive understanding of both the Safaricom and M-PESA Foundations' impact in communities was developed. The engagements shaped the understanding of purpose, vision and priority investment areas which will significantly contribute to solving societal needs sustainably. We also considered community concerns including limited community capacity to deliver quality programmes and ability to sustain these, as well as the number of requests overtaking available resources.

Some of the lessons learned include the need to bring other funding partners on board to scale initiatives, ensuring both county and national governments' ownership to promote sustainability and increase investments in Ndoto Zetu which has improved the lives of people across all 47 counties.

Sustainable philanthropy and humanitarian response have been integrated into the key pillars of the programme as set out on the following page to ensure we deliver impactful philanthropic investments to address communities' urgent needs and immediate concerns.





## KEY PILLARS AND AIMS OF THE SAFARICOM FOUNDATION PROGRAMME



### QUALITY EDUCATION

- Improve the digital capacity of teachers to deliver learning in primary and secondary schools to improve learning outcomes among learners.
- Upskill youth in Technical and Vocational Education and Training (TVET) institutions by increasing access to training and employment opportunities under improved infrastructure.



### HEALTH SERVICES

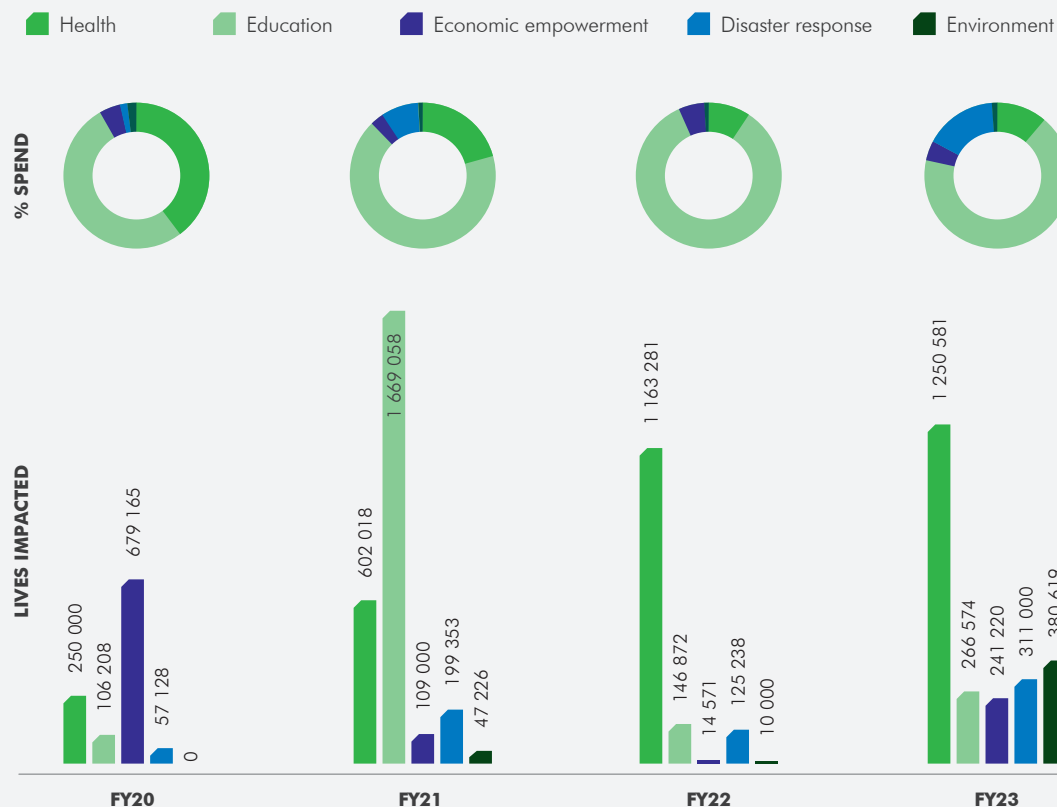
- Increase access to, and the utilisation of, quality reproductive, maternal, neonatal, child and adolescent health to reduce mortality.
- Integrate screening for non-communicable diseases to enable early detection, treatment and management.



### ECONOMIC EMPOWERMENT

- Transform livelihoods through enterprise development, agribusiness and ecopreneurship to reduce vulnerability to macro-economic developments and food insecurity.

## SAFARICOM AND M-PESA FOUNDATIONS: % SPEND VS. LIVES IMPACTED



## SAFARICOM AND M-PESA FOUNDATIONS: SPEND TABLE

	FY20		FY21		FY22		FY23	
	SPEND	LIVES	SPEND	LIVES	SPEND	LIVES	SPEND	LIVES
Health	40%	250 000	22%	602 018	9%	1 163 281	10%	1 250 581
Education	52%	106 208	65%	1 669 058	85%	146 872	67%	266 574
Economic empowerment	5%	679 165	3%	109 000	6%	14 571	4%	241 220
Disaster response	1%	57 128	9%	199 353	-	125 238	15%	311 000
Environment	2%	-	1%	47 226	1%	10 000	1%	380 619

## SAFARICOM FOUNDATION

### EDUCATION

Quality education is vital if Kenya is to reach its goal of becoming a newly industrialised nation by 2030. We work to help realise this ambition through several key initiatives. Firstly, the **Safaricom Foundation Scholarships (SFS)** initiative, is a technical and vocational educational (TVET) programme implemented in partnership with the Zizi Afrique Foundation, Toolkit skills Limited and the Ministry of Education. SFS seeks to contribute significantly to Kenya's economy by injecting skilled human resources into the hospitality and construction industries through the provision of training scholarships for at least 1 000 needy and vulnerable youth across Kenya. In FY23, the Foundation equipped 1 027 youth trainees with sustainable skills for the construction and hospitality industries

Secondly, the Safaricom and Vodafone Foundations have co-funded the **Digital Skills Programme** to improve teacher competencies for improved education outcomes in Kenya (see below).

#### PARTNERS

- Centre for Mathematics, Science & Technology Education in Africa (CEMASTEa)
- Kenya Institute of Curriculum Development (KICD)
- Kenya National Examinations Council (KNEC)
- Ministry of Education (MoE)
- Teachers Service Commission (TSC)

#### OBJECTIVE

- Overcome the challenges of inadequate digital skills for teachers and insufficient digital structures in teacher training colleges which lead to poor education
- Ensure that 75% of new teacher graduates and all tutors have the digital skills that enable them to complement learning in primary and secondary schools in Kenya, thereby improving educational outcomes.

#### TARGET MARKET

New teacher graduates (15 000) and their tutors (1 140) in Kenya's 35 public primary and secondary training colleges

#### OUTPUTS

Eight teacher training colleges (TTCs) were selected for the first phase of digital infrastructural improvement and works were ongoing by the close of the FY. Further outputs will be reported on in FY24.

5 Source: <https://kenya.unfpa.org/en/topics/maternal-health-16>

6 Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5691856/#:~:text=In%20Kenya%20more%20than%20half,high%20maternal%20and%20neonatal%20mortality>

7 Source: USAID, 2023

### HEALTH

Our healthcare initiatives are focused on Non-Communicable Diseases (NCDs) and Maternal, Newborn, Child and Adolescent health. As reported in 2022, the maternal mortality ratio, the number of women dying of pregnancy-related causes in Kenya was 355 deaths per 100 000 live births. While access to skilled birth attendance has improved from 62% to about 70% over the last seven years, over 80% of maternal deaths are attributed to poor quality of care. Additionally, many more women and girls survive with severe morbidity including obstetric fistula and mental health complications.<sup>5</sup> In addition, more than half of women (53%) do not receive any postnatal care and less than one-fifth receive postnatal care within 41 days after delivery.<sup>6</sup> Our aim is to make a lasting contribution to society by improving the maternal and newborn outcomes and helping to upgrade overall health services.

The three-year goal of the Afya Uzazi Salama programme was to improve access and uptake of Reproductive Maternal Neo-Natal Child Adolescent Health (RMNCAH) for 30 000 mothers in Baringo County by the year 2023. In FY23, the programme recorded 222% achievement in Antenatal Care (ANC) attendance, 152% achievement in skilled deliveries, 178% achievement in effective referrals and 103% achievement in number of women attending four Antenatal Clinics.

### ECONOMIC EMPOWERMENT

Kenya's key development challenges include poverty, inequality, high levels of youth unemployment and slow participation of women in the economy. We work to address these in the following ways:

The agricultural sector is the backbone of the economy, contributing approximately one third of Kenya's Gross Domestic Product (GDP)<sup>7</sup>. Against this backdrop, the **Wezesha Agri** initiative which began in 2018, aims to increase the participation of youth and women in the agricultural sector by supporting them with access to farm inputs, learning content and the required land infrastructure. Through a demonstration farm in Kajiado funded by the Safaricom Foundation, the Wezesha programme's mandate is to promote economic empowerment of the community by leveraging technologies and innovations that spur entrepreneurship, thereby catalysing the creation of job and employment opportunities. The goal is to empower at least 1 000 women and youth in Kajiado county by educating women and youth who have access to two acres

## WEZESHA – TRANSFORMING LIVES

Caroline Gathigia Murage learnt about Wezesha from a marketing poster shared across a farmer group WhatsApp social media group. She was identified for a role as field officer by one of the Wezesha Agri input suppliers. Shortly after year end, she secured a job as a field officer for Kajiado South subcounty for Agropeat international, an international organisation that supports use of bio-organic fertilisers.

As a field officer, Caroline manages a demo plot in the Wezesha farm assigned to Agropeat international. She also trains farmers at the farm on the use of bio-organic fertilisers and the benefits thereof. She is now imparting the skills and knowledge learnt in Wezesha to manage and train other Wezesha farmers.

*“The Wezesha project is a life changer to many people in Kajiado county, especially to the youth in Kuku ward. Thanks to the Wezesha, I am now working with Agropeat International, something I would never have dreamt of. Long live Wezesha!”*

Caroline Murage, Wezesha Agri beneficiary

of land and educating them on the agricultural value chain. This extends from the pros and cons of different crops to the application of pesticides and harvesting. In total, 530 farmers have been engaged and empowered by Wezesha both onsite and offsite.

## M-PESA FOUNDATION

### EDUCATION

The **M-PESA Foundation Academy** is a state of the art, co-educational and residential high school. The Academy reached 414 learners from economically challenged backgrounds across all 47 counties and supported 574 in various tertiary institutions.

**Wezesha Elimu** is an initiative cross-cutting education and health. The overall goal is to contribute to improved access to education for children with disabilities to achieve their full potential and lead a dignified life. 142 surgeries were completed for children with various orthopaedic conditions, 198 assistive devices provided to children with conditions and nine mobile clinics conducted reaching 1 250 children with varying orthopaedic conditions.

### HEALTH

**Uzazi Salama** (‘safe parenting’ in Swahili) is a two-year project (2021-2023) implemented by four partners (Amref-Kenya, Pathfinder International, Action-Aid and PharmAccess Foundation). The initiative aims to strengthen the county’s health systems to support the delivery of quality reproductive, maternal, newborn, child and adolescent healthcare. The project, which has been implemented in Ndhiwa, a sub-county, in Homabay County supports three health facilities serving five

community health units.

While there are specific focus sites, the interventions span over the sub-county at large. The overall objective of the project is to increase access to, and utilisation of, quality high impact interventions for maternal and neonatal health, child health, adolescent health, family planning, nutrition, and Water, Sanitation and Hygiene (WASH) at all levels of services delivery in Homabay County.

In FY23, there were 7 171 deliveries in facilities and 4 446 women completed four ante-natal visits.

The goal of the Foundation’s **Daktari Smart** telemedicine programme is to improve access to high quality healthcare to children in six counties by leveraging technology and to provide treatment to 32 400 children between 2021 and 2024. To date, 1,568 children have been reached. The technical working group has proactively engaged the County Health Management Teams (CHMT) to gain their full support in providing human resources for health and support in mobilising the local population.

Obstetric fistula is a neglected, debilitating condition affecting many women in Kenya. It is usually associated with chronic disability that has severe physical, psychological, social, and economic consequences. In partnership with the Flying Doctors Society of Africa (FDSA), the M -Pesa Foundation restored the dignity of women and girls in Kenya targeting Bungoma, Nyeri, Kilifi, Kajiado and Tharaka Nithi counties. A total of 262 corrective surgeries was conducted against a target of 180 and 717 patients were screened during the period under review. Consequently 208 health workers and 254 community health promoters were trained to enhance their knowledge





and skills on Basic Emergency Obstetric and Neonatal Care (BEmONC) and Comprehensive Emergency Obstetric and Newborn Care services (CEmONC) and spinal anaesthesia.

## CONSERVATION

The 'Securing the future of Kenya's last remaining Roan antelope' project is a pioneering collaborative effort between M-Pesa Foundation, Kenya Wildlife Service (KWS), Wildlife Research Training Institute (WRTI) and Northern Rangeland Trust (NRT) to save the last of the remaining Roan antelope in Kenya from extinction. The Roan antelope (*Hippotragus equinus*) was once widely distributed through the savannah woodlands of east, central, southern, and western Africa. Currently in Kenya, there are only 17 Roan antelope in the Ruma National Park (RNP). Their numbers have reduced due to predation and poaching.

To mitigate the threat, RNP management have identified and established a special Roan Sanctuary free of predators such as hyena and leopard which are a threat to Roan young. Water troughs and a predator proof fence around the park are already in place. Through the Roan Sanctuary fence, the maintenance of managed fire breaks and continued monitoring and security, it is expected that the threat to the Roan antelope population will be addressed.

## SUSTAINABLE PHILANTHROPY

Our aim is to be a market leader in Corporate Social Investments (CSI) interventions in Kenya through enhanced visibility, touch the lives of at least 1.5m beneficiaries per year in all 47 counties and involve at least 90% of Safaricom staff in community activities.

## NDOTU ZETU

Ndotu Zetu is an initiative which calls on Kenyans to partner with us to have their community dreams and aspirations brought to life. Since its inception in 2019, Ndotu Zetu has reached close to two million Kenyans. The Ndotu Zetu Phase 4 initiative supported 392 ideas in the three thematic areas of livelihoods, education and health, where an estimated 709 537 people benefitted. In FY23, for example, the Foundation:

- Donated 10 laptops and eight projectors worth over KSh 1.5 million to Salvation Army Joytown Secondary School in Thika, Kiambu County.
- Provided lockers and chairs to St Barnabas Kavengero Primary School in Embu County.
- Equipped Sabasaba Catholic dispensary in Muranga County with an oxygen concentrator and flow meter, steriliser, delivery beds, resuscitator and suction machine.
- Donated a poultry feed production machine to the Tumaini Self-help Group, a youth empowerment organisation.

*"Ndotu Zetu aims to support Kenyans who are keen to make an impact in their communities through social investments. Through the initiative, we ask Kenyans to share their dreams and aspirations that they hope to achieve in the areas of health, education, and economic empowerment. Each dream we help fulfil translates to thousands of lives being uplifted and transformed."*

Peter Ndegwa, CEO, Safaricom,  
speaking at the handover to Salvation Army Joytown  
Secondary School





## SAFARICOM PLC INITIATIVES

### SAFARICOM WOMEN IN TECHNOLOGY (WIT)

In FY23, 24% of staff in the technology division were women, with the percentage of women in technology leadership positions standing at 29%.

Our Women in Technology (WIT) programmes aim to help the next generation of students and youth onboard, build and retain women in STEM careers. This is achieved through six key programmes as set out alongside, aimed at reaching out to the girl child at various stages of her education cycle by continuously providing support through coaching, mentorship, exposure to evolving technologies, technical platforms and networks.

### KIDS IN TECH (PREVIOUSLY KIDS-GO-TECH)

#### AIM

Introduce technology to kids aged 7-13 years through interactive kits that promote digital literacy skills training.

#### IMPACT IN FY23

Trained a total of 220 children, 120 of whom were the children of employees. Through a partnership with the Nairobi County Government, we also trained 100 underserved kids, many of whom had not seen or touched computers before.



### 47/47 HIGH SCHOOL PROGRAMME

#### AIM

To spark young girls' interest in science-based courses.

#### IMPACT IN FY23

Girls from 47 schools in each of the 47 counties, attended a one-day workshop at our regional Safaricom offices.



### WIT TECHNOLOGY ACADEMY

#### AIM

Provide added value internships.

#### IMPACT IN FY23

Programme takes place over a period of three months through placement within various teams in Safaricom PLC based on the skillsets required and offered.





## SAFARICOM PLC INITIATIVES

### TECHNOVATION CHALLENGE

#### AIM

High school girls aged 14 to 18 submit apps addressing identified community problems

#### IMPACT IN FY23

Students are mentored by the tech-novation volunteers over a four-month period. In FY23 we sponsored internet connectivity for girls from underserved, marginalised communities.

In March 2023, we partnered with the Government to roll out the Women Enterprise Fund (WEF) a group loan product, on M-PESA.

A total of **380 386** groups were onboarded at launch.

### CAMPUS OUTREACH PROGRAMME

#### AIM

Ensure women are on track for employment viability, growth into management and have the necessary skills in place to maintain a work-life balance in STEM professions.

#### IMPACT IN FY23

12 webinars with average attendance of 400 students from 36 universities across Kenya reaching not just students in public and private universities but also tertiary institutions like polytechnics and training institutes. In total, the programme reached 60% of all higher learning institutions in Kenya.

Onboarded six campus ambassadors responsible for building a WIT community in their campuses, highlighting innovative solutions/products developed by Safaricom.

Campus outreach also hosted international students from Yale and Georgetown universities and has helped to prepare job seekers for interviews.

Currently, 10% of employees within Safaricom are alumni of the campus outreach programmes, a further 10% have been employed by vendors who work closely with Safaricom.





## WIT INTERNAL & NETWORKING PROGRAMME

### AIM

Provide a professional network for women offering work/life support.

### IMPACT IN FY23

Awards in FY23 included:

- Awards from the Institute of Electrical and Electronics Engineers (IEEE) for the support given to students and young professionals, together with an IEEE award for outstanding social contribution
- Gender Mainstreaming Award from Accenture for investing in young women
- Safaricom Heroes Award from the Safaricom PLC CEO, for embodying the Spirit of Safaricom.

In addition to the activities described above and on the previous pages, women, women from our technology division represented Safaricom at various events. These included Our Women in Tech Chair who addressed students at the Technical University of Kenya and spoke at the UN Women Economic Forum. The Vice-Chair of Safaricom Women in Tech spoke to students from various universities at the Google I/O annual developer conference on how to leverage opportunities in the technology space. She also represented WIT at the UN Women's Empowerment Forum which was held in Naivasha in November 2022.

## PROMOTING WEB DEVELOPMENT

On two Saturdays a month over seven months, the WIT team conducted 14 online webinars spanning web development with react, android/iOS development, microservices development, DARAJA APIs, DevOps, DevSecOps, UI/UX, cloud computing and cyber security.

Coaches for these sessions were sourced both internally and externally and the team has partnered with organisations including Microsoft, Huawei and SheHacks. The team has also established a discord channel (a platform for hosting real-time text, video and voice chat) which is used by more than 1 000 students. They use the channel to interact with coaches from the different sessions.

## FUTURE FOCUS

- Support Safaricom Telecommunications Ethiopia PLC. as they set up the Safaricom Foundation work in that country.
- Launch Ndoto Zetu Phase 5.
- Intensify focus on health through Afya Uzazi Salama.
- Hold medical and fistula education camps in 47 counties.
- Implement a 'Citizens of the Future' programme to improve learning outcomes throughout the education value chain, from Early Childhood Development to TVET Centres of Excellence.
- Relaunch of Safaricom Chapa Dimba; an empowerment platform targeted to the Youth aged 16-20 years old (boys and girls) and is built on the insight of enabling success through creation of opportunities to nurture, showcase talent and offer an opportunity to earn from their passion.

**OUR HIGHLIGHTS**

- 36% of Safaricom is now Agile.
- Over 40% of management is comprised of women.
- Establishment of a Disability Council.
- Launch of the Uzima App, digitising the Safaricom health, safety and wellbeing management system.
- ISO 45001 recertification achieved.
- Participated in the Workforce Disclosure Initiative which aims to improve corporate transparency and accountability on workforce issues through comprehensive, comparable data, improving our score 42% in 2021 to 61% in 2022.

**ISSUES FOR OUR EMPLOYEES**

- Connection with Safaricom's strategic direction and purpose

# EMPLOYEES

## BECOMING A FUTURE-FIT ORGANISATION

To become a purpose-led technology company, we need to ensure we are future-fit, especially in today's competitive marketplace where the pace of technology development is fast and furious. Realising our goal is underpinned by our people. Accordingly, our people strategy continued to be anchored on four strategic pillars:

- Accelerate delivery of diverse talent and future-ready skills.
- Orchestrate an Agile and efficient operating model.
- Foster the Purpose and Spirit of Safaricom.
- Create a digital, personalized employee experience

Under our drive to be future-fit, we made noteworthy progress in our Agile goals, with 36% of the organisation now Agile.

## BUILDING A DIVERSE WORKFORCE

Recognising that high levels of diversity and inclusion in the workplace are associated with greater productivity, innovation and workforce well-being, we strive to build a diverse Safaricom and took the following actions:

- Reviewed our inclusion and harassment policies.
- Continued to mainstream diversity through sensitisation and celebration of diverse global days as well as themed forums that are critical in building and embedding the right corporate culture.
- Established a Disability Council responsible for spearheading disability matters.
- Conducted training for line managers on leading inclusive teams and educating them about unconscious bias.
- Reinforced inclusive communication through sign language interpretation services and the use of sub-titles/closed captioning

as a minimum standard during online meetings and making use of sign language interpreters during all in-person meetings.

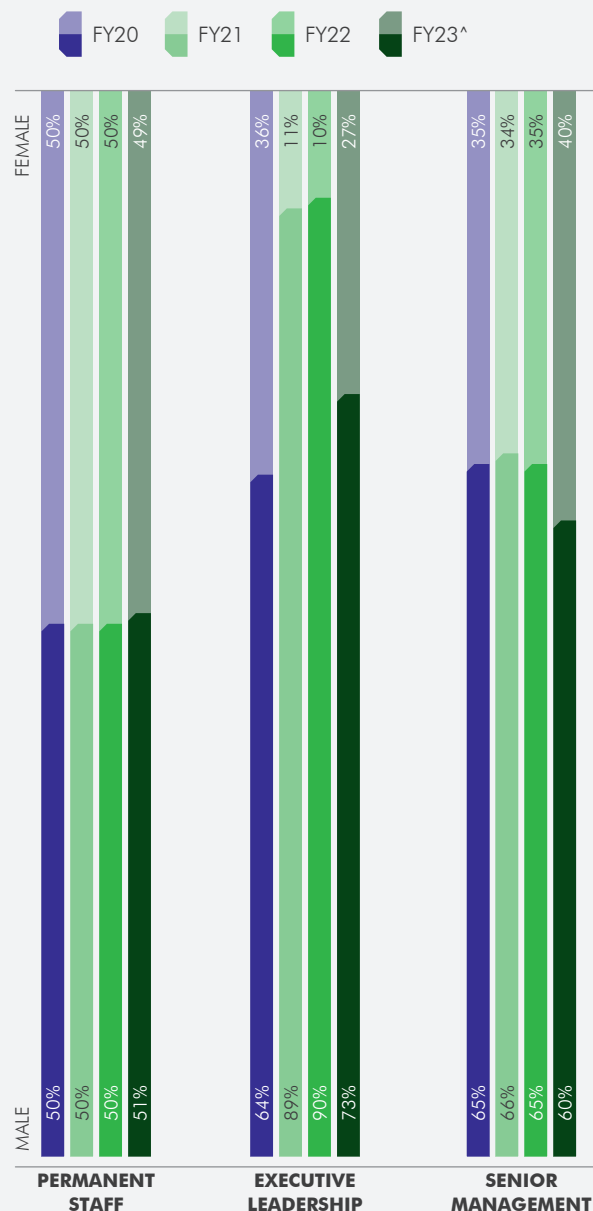
- Under phase 1 of the IT Bridge Academy Internship programme which trains young people with disabilities in information technology we onboarded 33 PwD interns. This was the first group of the talent pipeline from a consortium of partners led by Sight Savers to mobilise and upskill youths with disabilities. We expect 49 more young people to graduate from the programme shortly after year-end.

We achieved just over 40% of women in management. This was due to the senior leadership 'ownership' of divisional gaps; proactive sourcing of female candidates and internal promotions; support for mothers returning to work, as well as leadership and development programmes targeted at women, including Women in Technology (WIT) and the Digital Academy.

A key development was the branding of our women agenda under the Safaricom Connected Women umbrella. This was to consolidate our initiatives, drive our employee value proposition and engagement, and enhance a sense of belonging. We developed this initiative after we asked women across all levels what they wanted and 95% of them responded that they wanted to understand their purpose and know their value. Under Safaricom Connected Women, we have now established three pillars:

- Financial: Aimed at promoting financial wellness.
- 'Step up': Focusing on career growth and incorporating the Mowgli Mentorship programme, LeanIn Circles, a book club, discussion groups and fireside chats.
- Thrive: Centered on issues away from workplace with a focus on body, mind, soul and heart

## EMPLOYEES BY GENDER & DIVERSITY (%)



Under our WIT internship programme, women across the organisation mentor girls from high school, opening them to the opportunities presented by STEM subjects. It is a win/win situation because when they choose careers like engineering, the pool of skills from which we can draw is expanded. Our internal mentorship and coaching programme also help retain women in technology.

### OUR WORKFORCE DEMOGRAPHICS

	FY20	FY21	FY22	FY23
No. of permanent male employees^	2 278	2 246	2 306	<b>2 709</b>
No. of permanent female employees^	2 237	2 210	2 154	<b>2 653</b>
Total no. of permanent employees^	4 515	4 456	4 460	<b>5 362</b>

### PERSONS WITH DISABILITIES (% OF TOTAL WORKFORCE)

	FY20	FY21	FY22	FY23^
	2.3%	2.6%	3.1%	<b>3.1%</b>

### WOMEN IN OUR TECHNOLOGY DIVISION (%)

	FY20	FY21	FY22	FY23^
	24%	24%	22%	<b>24%</b>

^PWC assured FY23

## ENGAGING CLOSELY

Engaging closely with our employees is very important to us as it helps them understand our strategic direction and purpose.

To enhance engagement, we held:

- Seven CEO town halls attended by 1 021 staff on average
- 47 weekly staff webinars attended by over 700 people
- Six Leadership Forums with average attendance of 221

- Five Agile townhalls
- Four company-wide webinars attended by, on average, 1 000 people
- Quarterly internal innovation hackathons, in which an average of over 460 staff participated
- Monthly customer story telling days with average staff participation of 1 114.
- 'Skip' level discussions whereby people engage in open discussion with those one level above them throughout the organisation.

To make our staff feel connected, we communicate every week on commitments and actions against them, while the CEO communicates on progress of the Pulse survey every two weeks. The top 300 leaders in the company connected with staff through market visits. We also gave our people insight into Agile through storytelling which highlighted the benefits of the methodology and highlighted the themes of Spirit of Safaricom. In addition, we reinstated the Safaricom CEO Awards ceremony. (See page 80 for details of one of the winners.)

### EMPLOYEE ENGAGEMENT SURVEY RESULTS

	FY20	FY21	FY22	FY23
Employee engagement index	89	92	85	<b>83</b>
Manager engagement index	89	90	89	<b>88</b>
Staff turnover	5.0%	3.3%	5.1%	<b>6.9%</b>



## ACCELERATING TALENT DEVELOPMENT

## #1 MORESKILL CAMPAIGN

90%

of our employees completed  
at least one digital learning

## INNOVATION HACKATHONS

Targeted at internal staff in  
fintech, data science and  
Customer Obsession460 People  
attendedINDUSTRY DIGITAL  
TALENT PROGRAMME

617

People trained

SERVICE CULTURE  
PROGRAMME

590

Members of non-customer  
facing teams trainedDIGITAL DISCOVER  
TALENT PROGRAMME80 interns employed under  
this graduate management  
trainee programmes, of whom  
4 are PwDs.SAFARICOM BUSINESS  
SCHOOLPromotes both functional  
and leadership skills.Functional courses are those  
mapped to an employee's  
role and their work function,  
while leadership equip  
our leaders with the skills,  
mindset and toolsets  
required to drive forward  
transformation strategies  
as they engage people at  
various levels.

## DIGITAL ACADEMY

561 Employees  
participatedThe Academy aims to drive skills  
readiness across the business

In FY22 we launched and rolled out the Safaricom Alumni & Referral Programme to establish a community of past and present employee who can help drive our recruitment efforts. Internal members of staff are incentivised to identify potential employees.

## TRAINING HOURS AND INVESTMENT

	FY20	FY21	FY22	FY23
Avg. no. of training hours per employee	N/A	46.42	40	41
Investment in staff training (KSh million)	310	128	193	156
Avg. training index*	83%	81%	85%	85%

\* Percentage of staff who attended training during the year

## INTERNAL LABOUR MARKET MAP

		FEMALE STAFF			MALE STAFF		
		Senior Management	Middle Management	Entry Level	Senior Management	Middle Management	Entry Level
Hires	FY20	4.60%	4.20%	1.80%	2.50%	7.70%	3.80%
	FY21	9.60%	3.30%	1.20%	2.50%	3.20%	4.20%
	FY22	10.70%	3.60%	3.20%	10.20%	4.50%	14.30%
	FY23	13%	8%	27%	4%	10%	26%
Promotions	FY20	6.50%	1.60%	0.70%	5.60%	2.30%	0.90%
	FY21	3.83%	7.05%	0.85%	5.06%	7.17%	1.03%
	FY22	14.80%	15.80%	5.60%	8.00%	17.00%	8.00%
	FY23	58%	5%	0.4%	36%	4%	0.3%
Laterals	FY20	10.20%	8.70%	2.00%	9.60%	7.00%	1.30%
	FY21	3.83%	3.34%	3.26%	2.02%	3.24%	2.30%
	FY22	11.50%	4.60%	3.00%	9.80%	3.60%	4.20%
	FY23	43%	2%	1%	45%	2%	1%
Voluntary Exits	FY20	1.90%	2.90%	3.30%	4.10%	4.10%	3.20%
	FY21	4.79%	3.34%	0.98%	1.52%	1.62%	1.78%
	FY22	4%	4.90%	2.80%	4.60%	5.10%	3.50%
	FY23	9%	7%	3%	7%	8%	4%
Total Exits	FY20	2.80%	3.40%	4.50%	5.10%	4.90%	4.80%
	FY21	6.70%	8.17%	2.24%	3.04%	2.31%	4.50%
	FY22	5.90%	6.30%	3.60%	8.10%	5.90%	5.50%
	FY23	13%	7%	4%	13%	9%	6%

## TAKING SAFARICOM'S PULSE

Between each annual People (SEMA) survey, we conduct a Pulse survey to determine progress towards gaps highlighted in the People survey. A total of 93% of staff participated in the most recent Pulse survey, a participation rate that is best in class. We compared the results with the previous survey, and they were as follows:

- **Action:** 66% (previously 58%) of our people feel that action has been taken from the previous survey.
- **Customer Obsession:** In an extremely positive trend, 84% (previously 72%) of our employees are now willing to change to meet our Customer Obsession goals.
- **Psychological safety:** This came in at 65% (previously 59%), indicating that the freedom to speak up, without fear of negative consequences has improved and highlights that Safaricom has acted with real intent and alignment across multiple layers of the business.

## KEY FINDINGS OF THE 2022 SEMA SURVEY

The annual SEMA survey is a census survey measuring all themes related to Employee Experience, as well as capturing views on the Safaricom Spirit, change readiness through Customer Obsession and progress on new initiatives around agility and becoming fully digital.

## 2023 SEMA SURVEY SUMMARY

### ENGAGEMENT INDEX

83% of our members of staff feel connected and are committed to our organisation

▼ FY22: 85%

### DIVERSITY AND INCLUSION

77% of our members of staff believe that we celebrate our diverse workforce

▼ FY22: 80%

### COMMUNICATIONS

79% of our members of staff believe that we are open in communication across various levels of influence

▼ FY22: 83%

### WORK ENVIRONMENT

81% of our members of staff believe that we strive to create a conducive work environment for our people

▼ FY22: 82%

### CSR (CORPORATE SOCIAL RESPONSIBILITY)

96% of staff believe that we are committed to Kenyan society and engage constantly with communities when providing solutions

▲ FY22: 87%

### CAREER DEVELOPMENT

79% of our members of staff feel that they have an opportunity for advancing their careers and achieving their full potential within our organisation

▲ FY22: 76%

### HEALTH, SAFETY AND WELLNESS

81% of our members of staff believe that we are committed to providing a safe workplace and ensuring the wellness of our people

▼ FY22: 83%

### SPIRIT INDEX (OVERALL)

97% of our members of staff understand what is expected of them under the Spirit of Safaricom

FY22: 97%

### SPIRIT: CREATE THE FUTURE

67% of our members of staff believe in our ability to create the future

▼ FY22: 68%

### SPIRIT: EARN CUSTOMER LOYALTY

84% of our members of staff are confident of the measures we have introduced to earn customer loyalty

▲ FY22: 81%

### SPIRIT: GET IT DONE TOGETHER

77% of members of staff believe in the effectiveness of the measures introduced to promote collaboration

FY22: 77%



## PROMOTING SAFETY AND WELLBEING

Safaricom achieved a fatality free year of operations and incidents reported declined by 20% y-o-y. This positive performance was attributable to embedding a zero-harm culture and ensuring visible, felt leadership reinforced by daily road safety messages on staff bulletins, monthly safety webinars, safety noticeboards in all premises and ongoing 'kaa chonjo' ("stay alert") messages. Near misses, unsafe acts and conditions reporting enabled root cause analysis and the development of effective preventative and correction actions to prevent recurrence. In addition, incident reviews (learning from incidents) were key in communicating insights from incidents during sharing and learning engagements.

Our intensified focus on managing and reducing employee and supplier occupational road risk also played a role. This was achieved through ongoing defensive driver training, cameras in vehicles and weekly scorecards issued to drivers. Supplier safety management was also heightened through quarterly safety forums attended by 1 700 suppliers.

To enhance employee wellbeing and safety, we refreshed health and safety committees across the organisation. Wellness offerings to staff included a marathon, Wellness Month, Cancer Awareness Month, wellness webinars and Zumba sessions. A total of 1 480 staff participated in the 'Still in It' fitness challenge. These activities were underpinned by statutory occupational health and safety assessments. To increase motivation and awareness, we introduced a healthy, safety and wellbeing (HSW) category in the CEO awards celebrating positive individual and team contributions to promoting HSW. In terms of psychological wellbeing, we launched a Safaricom dedicated toll-free counselling line, expanding the number of dedicated clinical psychologists from two to six.

### TOTAL OSH-RELATED INCIDENTS

	FY20	FY21	FY22	FY23
Fatalities <sup>^</sup>	1	3	2	0
Lost Time Injuries (LTIs) <sup>^</sup>	14	9	2	1
Incidents <sup>^</sup>	175	136	147	118
Medical treatment cases <sup>^</sup>	18	19	116	58
Man-hours (million) <sup>^</sup>	11.9	11.5	11.5	11.5
FIFR <sup>^</sup>	0	0	0	0
LTIFR <sup>^</sup>	0.017	0	0	0

<sup>^</sup> Only Safaricom employee man-hours tracked hence FIFR and LTIFR tracking at zero <sup>^</sup> PWC assured FY23

## ACKNOWLEDGING AN OUTSTANDING SAFETY CHAMPION

**Muriel Nyasimi**, facilities maintenance engineer in the coastal region working in the Property and Essential Services Department was the winner of a Spirit of Safaricom award in the purpose category under the health and safety theme for implementing Safaricom's health and safety vision in an inspiring way and driving positive change. Every quarter, she ensures that vendors are taken through safety briefings touching on different topics affecting day to day operations. She spearheaded the NOSA vetting for contractors, together with the development and review of site risk assessments and vendor risk treatment plans to cover all risks.

Furthermore, she actively contributed to Safaricom ISO 45001 re-certification through monitoring minor non-conformities and opportunities for improvement during audits. She has supported the HSW department in accelerating the use of I-Tower tool -HSW module and first aid training. She insists on routine maintenance to ensure all equipment is in good working condition and available during emergency. Her main mission is to empower support staff in adapting safety culture through leading by example and fostering employee participation in identifying hazards in the workplace.

## FUTURE FOCUS

- 100% roll out of agile across the organisation
- Accelerate digital upskilling/reskilling through Technology and Partnerships
- Champion the Spirit of Safaricom to enable delivery of the Spirit of Safaricom Index at 85%, #1 Best Place to Be and psychological safety at more than 75%.
- Accelerate delivery of a personalised employee experience.
- Aim for zero fatalities as in FY23.
- Achieve level 4 on the McKinsey Agile Maturity Index.
- Continue to achieve a diverse workforce, with women at more than 40% and PwDs at more than 3.5% as a percentage of the total workforce.
- Ensure that the attrition rate for tech talent is under 5%.
- Implement 100% Agile ways of working.
- Engage business partners and the M-PESA community in occupational road risk and management of our top five risks.
- Leadership development with a focus on transformational leadership.



# REGULATORS

## PROVIDING INPUT ON EVOLVING REGULATION

### OUR HIGHLIGHTS

- Surpassing the QoS regulatory threshold by 15.38% to attain a score of 95.38%.
- Zero regulatory fines or penalties or administrative actions.
- 100% acquisition of EIA licences for 5G rollout.
- Additional 20 existing base transceiver (BTS) sites upgraded to 5G.

### ISSUES FOR REGULATORS

- Increasing local and global focus on environmental issues, particularly climate.

The Kenyan Government's approach of inviting public comments and inputs on proposed amendments to regulation highlights the role of various stakeholders – citizens, businesses – in shaping regulations, thereby encouraging public ownership and collective responsibility towards these regulations. Safaricom welcomes the opportunity to participate. Regulations currently on our radar are set out below.

The Ministry of Environment, Climate Change and Forestry has proposed the **Climate Change Amendment Bill 2023** which aims to provide a platform for engagement and participation in carbon markets. Carbon markets are mechanisms that enable public and private entities to transfer and transact emission reduction units, mitigation outcomes or offsets generated through carbon initiatives, programmes and projects. The Bill is still open for comment.

The **Finance Bill 2023** proposes several amendments including an increased turnover tax from 1% to 3%; a reduction of excise duty on telephone and internet data from 20% to 15%; withholding tax of 5% on payments made in relation to sales, promotions and marketing advertising and 15% on payments made in relation to digital content monetisation.

The **KS 2952-1:2022 Kenya Standard Accessibility — ICT products and services** was launched in May 2022 by the Kenya Bureau of Standards (KEBS) in partnership with inABLE. This is their first-ever standard targeted towards Persons with Disabilities (PwDs)

and it is aimed at ensuring that public and private sector digital products and services are accessible to PwDs and older persons disconnected from most e-government services and business-owned digital platforms. The standard provides guidance on functional accessibility requirements for both software and hardware as well as services covered and intended for use with web-based, non-web and hybrid technologies.

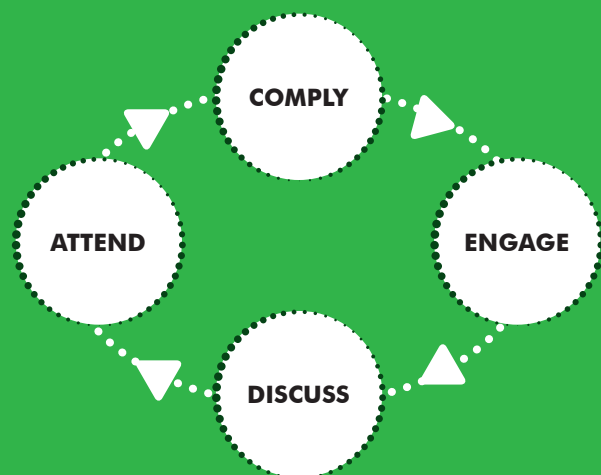
The **National Addressing System of Kenya (NASK) Bill 2023** seeks to promote the benefits of a national addressing framework to provide for standardised naming, numbering and allocation of address for all addressable objects such as streets, properties, parcels of land, buildings and water bodies in Kenya to facilitate identification and location.

The proposed **Kenya Information and Communication Act (KICA) Regulations Bill 2023** is discussed in the material topics section on page 40 of this report.

In other developments, we continued to secure the necessary regulatory licences and approvals to facilitate provision of voice and data offers, as well as to provide regulatory advice and support for innovations like Bonga for Good. In line with our strategic pillar of 'Achieving cost leadership', we secured savings of over KSh 207 million by negotiating county fees.



## FOLLOWING A STRUCTURED ENGAGEMENT APPROACH



Our interaction with regulators is based on four pillars:

### Comply

Proactively ensure compliance with all licence obligations, legislation, regulations, by-laws and regulatory guidelines.

### Engage

Actively engage with regulators and industry bodies through face-to-face meetings and written submissions when changes to the existing business environment are under discussion.

### Discuss

Facilitate workshops and information sessions with regulators, members of the media and affected stakeholders to discuss public policy issues affecting the industry.

### Attend

Be present at stakeholder workshops and engage on behalf of the telecommunications and technology industries.

## REGULATORS

Our business is overseen by 10 regulatory authorities, chief of which is the Communications Authority of Kenya (CA) which is responsible for the Information, Communications and Technology (ICT) sector in Kenya.

### COMPETITION AUTHORITY OF KENYA

#### MANDATE

The Competition Authority of Kenya (CAK) is mandated to enforce the Competition Act, No. 12 of 2010 with the objective of promoting competition in the Kenyan economy by regulating the market structure and conduct for the benefit of consumers, businesses and the economy.

#### ISSUES ON WHICH WE ENGAGE

- Consumer affairs
- Mergers & Acquisitions
- Competition and trade practices



### COMMUNICATIONS AUTHORITY OF KENYA

#### MANDATE

The Communications Authority of Kenya (CA) is the regulatory authority for the ICT sector in Kenya, including broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services.

#### ISSUES ON WHICH WE ENGAGE

- Licensing
- Spectrum management
- Consumer affairs
- Quality of Service (QoS) Measurements
- SIM-card Registration Regulations
- Universal Service Fund (USF)
- Interconnect
- Competition
- Type approval
- Compliance



### CENTRAL BANK OF KENYA

#### MANDATE

The Central Bank of Kenya (CBK) is responsible for formulating monetary policy to achieve and maintain price stability. The Central Bank also promotes financial stability; an effective and efficient payment, clearing and settlement system; formulates and implements foreign exchange policies; holds and manages foreign exchange reserves; issuing of currency; and is the banker for, adviser to and fiscal agent of the Government.

#### ISSUES ON WHICH WE ENGAGE

- Mobile money transfer services (M-PESA)
- International money transfer services



## REGULATORS

### KENYA REVENUE AUTHORITY

#### MANDATE

The Kenya Revenue Authority (KRA) is responsible for the efficient assessment and collection of revenue (taxes) on behalf of the Government.

#### ISSUES ON WHICH WE ENGAGE

- Taxation



### CAPITAL MARKETS AUTHORITY

#### MANDATE

The Capital Markets Authority (CMA) protects the interests of investors and publicly listed companies through licensing and supervising the capital markets industry.

#### ISSUES ON WHICH WE ENGAGE

- Corporate governance



### KENYA CIVIL AVIATION AUTHORITY

#### MANDATE

The Kenya Civil Aviation Authority (KCAA) is responsible for the safety and management of the Kenyan airspace.

#### ISSUES ON WHICH WE ENGAGE

- Site acquisition
- Approval of proposed base transceiver stations



### NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

#### MANDATE

The National Environment Management Authority (NEMA) is mandated to ensure the natural resources and environment of Kenya are managed in a sustainable manner.

#### ISSUES ON WHICH WE ENGAGE

- Environmental Impact Assessments and audits
- E-waste management
- Energy management regulations (Under EPRA)
- Waste management
- Air quality
- Noise and excessive vibration pollution



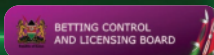
### BETTING CONTROL & LICENSING BOARD

#### MANDATE

The Betting Control and Licensing Board (BCLB) seeks to promote reasonable, legal and sustainable gaming activities in Kenya and authorises gambling, lotteries and prize competitions.

#### ISSUES ON WHICH WE ENGAGE

- Safaricom promotions



### OFFICE OF THE DATA COMMISSIONER

#### MANDATE

The primary regulator for data protection, responsible for overseeing the implementation of the Data Protection Act and Regulations

#### ISSUES ON WHICH WE ENGAGE

- Registration of data controllers and processors
- Reporting data privacy breaches
- Approvals for certain processes involving personal data



### ENERGY PETROLEUM REGULATORY AUTHORITY

#### MANDATE

Responsible for regulation of upstream petroleum and coal.

#### ISSUES ON WHICH WE ENGAGE

- Collection and maintenance of energy data (we are mandated to undertake energy audit of our sites every three years and submit the reports to the authority for review and comments)



### FUTURE FOCUS

- Engage further with the CBK on their proposal for a central bank digital currency (CBDC).
- Ensure compliance with evolving environmental regulations.



## SDG GOALS



Sustainable economic growth and decent work are vital for the development and prosperity of Kenya and the wellbeing and personal fulfilment of individuals (SDG8). Recognising that high levels of inequality damage social cohesion and hinder economic activity, we work to entrench diversity and inclusion in all our business relationships (SDG10).

## OUR HIGHLIGHTS

- Spend with local suppliers at 63.53% compared to foreign spend 36.47%.
- Increased Women in Business (WIB) spend, the result of an intensified WIB mentorship programme.
- Dealer contribution of KSh 500 million to the drought response.
- Intensified geolocking of M-PESA tills.
- Enabling more partners to sell Lipa Na M-PESA.
- Reduction in the number of arbitrage appeals from agents, from 3 000 in October 2022 to 180 in March 2023.
- Automated KYC collection and till swap for agents resulted in savings of KSh 50 million.

## ISSUES FOR BUSINESS PARTNERS

- Suppliers: Difficulties in using the iSourcing platform and contract pricing.
- Dealers: KYC regulations.
- Agents: Arbitrage claw back commission.

# BUSINESS PARTNERS

## MAINTAINING CONSTRUCTIVE RELATIONSHIPS WITH OUR BUSINESS PARTNERS

Our business partner network is important in driving digital inclusion and helping to achieve purpose-led growth. This network comprises 720 suppliers, 432 dealers and 270 360 M-PESA agents. We rely on our network to uphold and enhance the Safaricom brand which is synonymous with integrity and innovation.

## SUPPLIERS

### PROMOTING LOCAL BUSINESS

We are succeeding in our goal of promoting local business, as indicated in the table below, which shows that spend with local suppliers increased by just over two percentage points year-on-year. As the total supplier and spend table indicates, the number of suppliers has decreased in line with our strategy of consolidation.

### TOTAL SUPPLIER SPEND

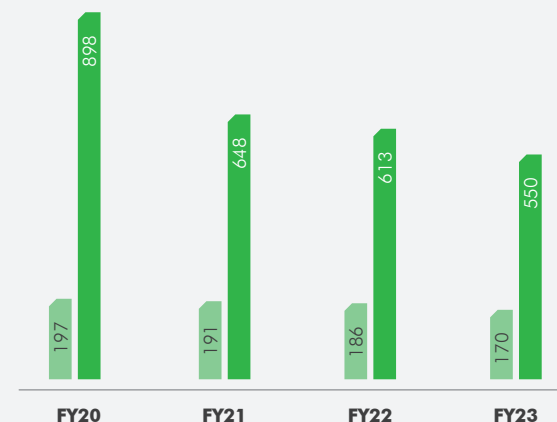
	FY20	FY21	FY22	FY23
No. of suppliers	1 095	839	799	<b>720</b>
Total spend (KSh million)	86 696	92 827	94 625	<b>102 012</b>

### SUPPLIER SPEND BY CATEGORY



- Spend with foreign suppliers
- Spend with local suppliers

### NUMBER OF SUPPLIERS



- Foreign suppliers
- Local suppliers

An ongoing key goal is to ensure that women-owned businesses account for 10% of procurement spend. While we did not achieve this goal, it is pleasing to note that spend with WIB increased to 5.81% of our total procurement spend. This is attributable to contracts awarded to WIB in the technology networks category – an area of significant spend.

Besides women, the other categories in our Special Interest Group (SIG) are youth and PwDs. To increase spend with these categories, we have embarked on a process to accelerate the number of prequalified suppliers and make them procurement ready. We expect to realise the benefits in the next financial year.

## WIB PERFORMANCE INDICATORS

	FY20	FY21	FY22	FY23
No. of women-owned businesses	205	227	236	<b>237</b>
No. of women suppliers as a percentage of supplier base	10.2%	9.7%	8.59%	<b>8.46%</b>
No. of unique WIB who have participated in tenders	23.4%	14.1%	16.10%	<b>8.05%</b>
Procurement spend (KSh billion)	1.77	1.7	2.38	<b>5.92</b>
Procurement spend for WIB vs gross procurement value	2.3 %	2.3%	3.07%	<b>5.81%</b>

## WORKING TOGETHER

Our strong relationship with our suppliers is based on transparent, open engagement. This is highlighted by the piloting and implementation of our supplier self-assessment survey which covers areas like documentation, health and safety policy, occupational health and safety administration, vehicle roadworthiness and tracking units as well as compliance with the Data Protection Act, which prohibits transfer of personal data to third parties unless the data subject has given prior consent.

By the end of FY23, we had conducted 1860 evaluations. The supplier self evaluation enables our suppliers to rate themselves in addition to being rated by the contract owners. We carry out feedback sessions every quarter or biannually to address issues raised, together with those raised based on supplier feedback.

To ensure our new suppliers understand what is expected of them in terms of contracts, policies and procedures, we hold a supplier induction programme every quarter, inducting 25 new suppliers in FY23.

Communication channels include an i-supplier portal where tender feedback is available in real time. Feedback indicates that suppliers are finding the i-sourcing platform difficult to use and there are plans in place to enhance it and train the suppliers..

We also operate a supplier help desk which operates every day of the week to facilitate speedy resolution of issues. Given that not all suppliers are aware of this, we will focus on raising awareness about this service.

Under Memoranda of Understanding (MoUs), we continued to collaborate with financial institutions including Absa Bank Kenya (Absa), Citibank Kenya, Equity Bank and Kenya Commercial Bank (KCB). We are currently in the process of completing MoUs with two further banks. The purpose of these is to facilitate financial access to all our suppliers including Special Interest Groups (SIGs) comprising women, youth and PwDs by providing them with favourable loans based on purchase orders.

Our supplier financing (not confined to SIGs) grew by KSh 6.1 billion in the year. This could be one of the reasons why the annual Supplier Forum indicated growing satisfaction amongst our partners within IT, sales and marketing, together with value-added services, whereby overall satisfaction with Safaricom as a partner

increased by one percentage point. We also performed strongly on ethics and risk management and sustainability, as well as products and services. Clear communication, being supportive and providing regular feedback on performance are areas where we are performing well. The survey highlighted that more effort should be put into explaining how the ethics hotline works.

In addition to the above, each year, we use a Net Promoter Score (NPS), administered by an independent third party, to track supplier levels of confidence in, and satisfaction with, Safaricom. This stood at 67%, a one percentage point decline from last year. Our positive relationship was also reflected in the overall supplier satisfaction index which indicated a score of 92% which is 1% growth compared to last year.

## ENSURING HIGH ETHICAL AND OPERATIONAL STANDARDS

We insist that all suppliers sign up to our Supplier Code of Conduct which is aligned with the Code of Ethics for Business in Kenya. The percentage of signed-up suppliers increased from 71% in FY22 to 81% for FY23. This 10% increase is attributable to active engagement with vendors explaining why they need to sign as well as increased focus on this topic at induction sessions. To realise our target of 100% signed-up suppliers, we plan to follow up with non-responsive suppliers and request that they organise an engagement with the local chapter of the UNGC to understand more fully the implications of signing up to the Code.

Of the 19% flagged as having not signed up to the Code, 5% no longer have active engagements with Safaricom.

In line with our commitment to SDG8: Decent Work and Economic Growth, as well as to SDG 10: Reduced Inequalities, we conducted desk top audits on certain suppliers to ensure



that remuneration is, at the very least, commensurate with the minimum wage, and that appropriate personal protective equipment (PPE) is provided. A total of 86% of audits raised no major-non-conformances. Where gaps are identified, our approach is collaborative rather than punitive. We assist suppliers whose performance is below the required threshold (<80%) with customised performance improvement plans (PIPs) and mentoring towards achieving acceptable levels of service. During the year, 12 suppliers were on PIP and two suppliers had been lifted from PIP by year-end.

### SUPPLIER PERFORMANCE EVALUATION COVERAGE

	FY20	FY21	FY22	FY23
Supplier performance evaluations score (%)	82.61	86	88.87	85.8
No. of evaluations performed	1 025	1 493	1 594	1 860

Another initiative focused on upholding fairness throughout the value chain relates to 'invisible' workers who work in our premises for extended periods every day.

This initiative, which began in 2019, seeks to entrench living wages and medical cover, amongst other things. The challenges we have identified include the activation of medical cards, delayed remittances of statutory payment, implementation of the minimum wage and uniforms for pregnant staff. Our aim is to drive home understanding of the need for compliance in the areas of human rights and labour laws. We are currently assessing ways of expanding compliance through consequence management.

## DEALERS

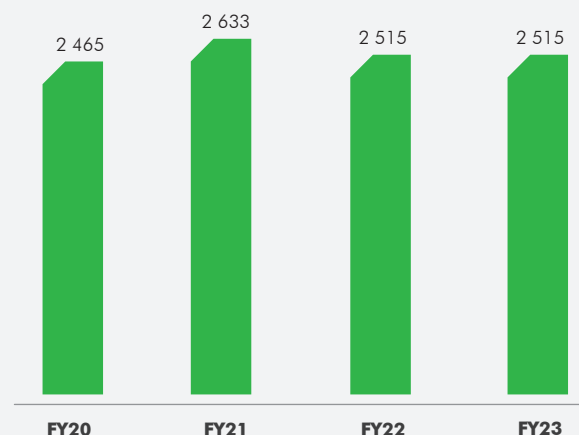
The number of sales areas (now territories) and dealer relationship managers declined due to an internal review of the organisational structure which is focused on enhancing our service to our business partners. Territory Business Leads are now responsible for interacting with dealers, who also have access to a dedicated L300 Call Centre helpline.

This gives dealers an escalation channel that is available 8:00am-6:00pm every day. The motorbike scheme was suspended as we seek to improve our Route to Customer (RTC) deployment.

### OUR DEALER NETWORK

	FY20	FY21	FY22	FY23
No. of active dealers	440	435	435	432
No. of dealer relationship managers	6	6	6	0
No. of area sale managers/ active sales managers	42	42	42	38

### MOBILITY SCHEME CUMULATIVE NUMBER OF BIKES



## ENSURING THE SUCCESS OF OUR DEALER NETWORK

In FY23, we focused on enhancing the potential for success of our dealers. One of the ways we did so was by enabling dealers to sell fibre to the home (FTTH) and entry level enterprise business unit (EBU) products which generated additional revenues. We reduced the price of fixed wireless access (FWA) routers to make them more affordable and allow customers to connect to the internet. Further, we facilitated opportunities for dealers to sell Lipa Mdogo Mdogo phones. The total number of phones sold through Lipa Mdogo Mdogo was 937 800, of which 243 890 were sold by dealers in FY23. In addition, we continued to provide financial support for the branding on a dealer vans.

To ensure smoother running of day-to-day operations, we enabled automated KYC collection, and moved sim swaps to the Jiandikishe app and made reconciliation reports readily available to give dealers better visibility of their business.

One of dealers' key concerns related to timely commission payments. We have responded by implementing procedures to remedy this.

## AGENTS

### SUPPORTING OUR AGENTS

We aim to support our agents to operate as profitable entities, providing them with a bouquet of products that are demand driven. They act as our brand ambassadors, helping us to reach a wide range of customers and driving our organisational agenda. We provide them with real-time data and analytics to help them in decision-making. In line with our intensified focus on Route to Customer, we have changed from relationship managers to three support channels detailed on the next page:



## SUPPORT CHANNELS



### AGENT SUPPORT TEAM

Responsible for all escalations raised through email. They also work on automations to enable partners to be more self-reliant.



### L300 CALL CENTRE

Handles escalations raised on call. They offer first-level resolution which is escalated to second-level support (agent support, finance, IT etc) on matters that require further trouble shooting.



### TERRITORY BUSINESS LEADS

Handle escalations from the trade and forwards to agent support, finance and IT, among others.

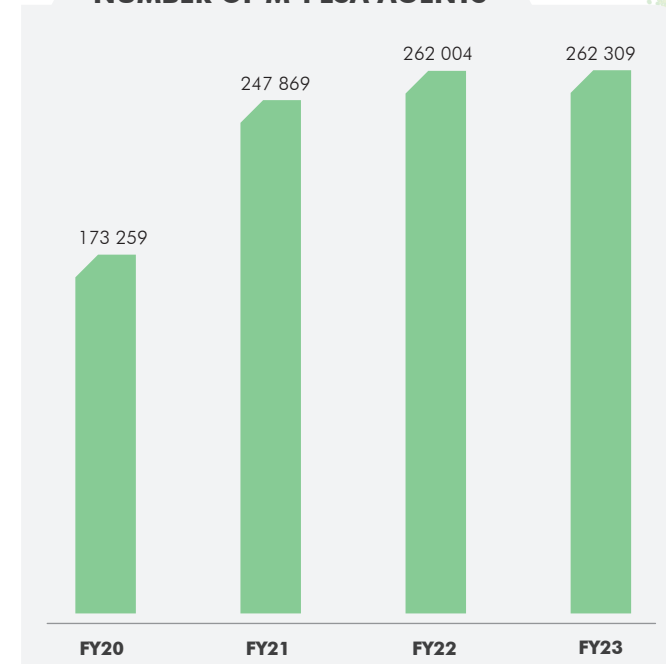
Other ways we support agents include:

- Running quarterly training sessions for our agents, both virtual and physical. In addition, the Territory Business Leads conduct training for sub agents.
- Holding six forums in FY23 which were attended by 2 014 agents.
- Helping more agents become digital through the M-PESA app. There are currently 100 000 users on the app, representing a significant increase from the previous low of 10 000 users.
- Providing loan facilities to our agents and sub agents to ensure smooth running of their business. We advanced float financing to 1,400 agents through a revolving fund of KSh 850 million. To complement agents' e-float, we have partnered with financial institutions such as Stanbic and KCB to finance M-PESA agent businesses through Mjeki (Stanbic) and KCB Float at an average of six months of their commission amounts.
- Developing a service response (SR) queue for arbitrage appeals. In the past, agents would raise arbitrage appeals through emails. This was difficult to track leading to some appeals being left unattended. The SR queue enables us to track the number of appeals that have been raised, which ones have been resolved and which ones are pending and for how long.
- Incentivising agents through our Stawisha Biashara programme ("enhance/grow your business"), whereby agents receive a point for every 1 000 transactions conducted. There were 8 437 240 259.93 transactions with a value of KSh 333 811 000.
- Empowering agents to sell fixed wireless access and 4G devices.
- Enhancing the customer withdrawal journey by introducing store numbers. Year-on- year, this led to a reduction of approximately two thirds in the number of reversal escalations – from 3,446 in April 2022 to 1,179 in March 2023.

A key highlight was the 99% compliance achieved in geo blocking of tills. After geo location, tills can only operate in authorised locations. If a till is moved to a different location it stops working until when it is returned to the authorised location. This has in turn led to a reduction in fraud cases resulting from theft of tills and increased compliance from a regulatory point of view. It has also enabled the identification of areas of opportunity based on the current tills operating in a market.

Another important development was the collection of Know Your Customer (KYC) documents using a digital platform. Previously collection of KYC was through submission of physical documents every two years. To reduce paper usage and carbon footprint, as well as enhance efficiency through digitisation, we automated the KYC collection exercise. By year end, 88% of our agents had submitted their KYC documents.

### NUMBER OF M-PESA AGENTS



## FUTURE FOCUS

### Suppliers:

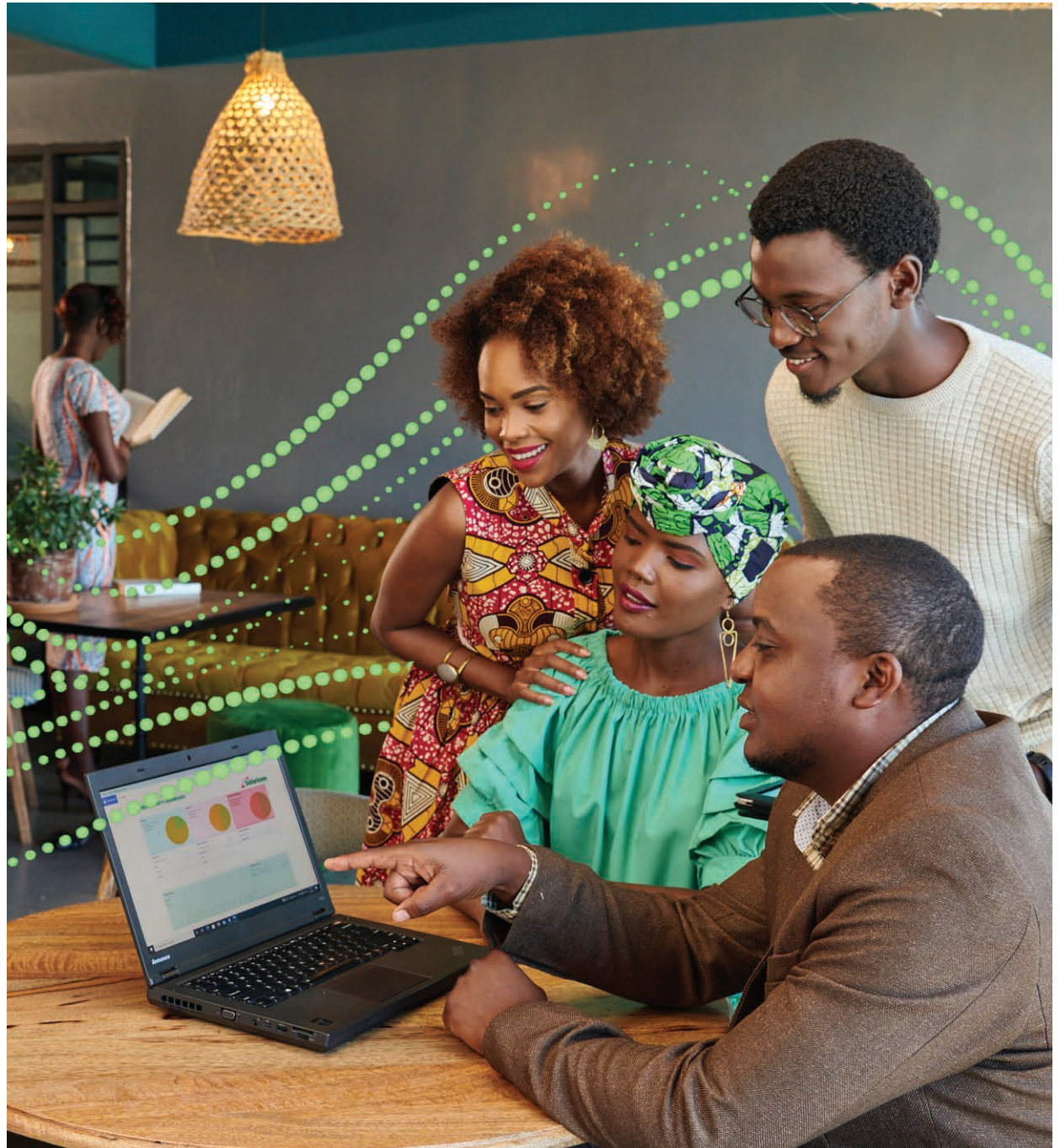
- Hold the next Safaricom Supplier Day early in the next financial year.
- Accelerate supplier sign-up to the UNGC Code of Ethics.
- Conduct physical, rather than desk-top, audits on supplier premises to ensure compliance to labour and human rights regulations.
- Drive supplier carbon neutrality by supporting them in setting science-based targets and establishing carbon reduction initiatives.

### Dealers:

- Avail MobiGo specialised devices. (This subsidised, affordable device has no calling functionality, but enables dealers to acquire customers).
- Expand the product range that dealers can sell.
- Continue automating our services to give our dealers a great digital experience while improving efficiency.
- Intensify our focus on providing an omni channel experience.

### Agents:

- Implement more engagements to ensure all aspects of the agency business are streamlined.
- Continuously automate our services to give our partners a great digital experience while improving efficiency.
- Provide an omni channel experience to our partners and customers.





# SHAREHOLDERS

## UNDERSTANDING OUR SHAREHOLDER BASE

The breakdown of shareholders over the last four years has remained consistent. As indicated in the table below, the foreign corporates shareholding of the free float declined from 43.7% to 35.8%. This was due to the rise in interest rates in developed markets that subsequently led to an increase in bond yields prompting recall of cash by many foreign investors from emerging and frontier markets to 'risk free' government securities in their home countries.

However, this was balanced by support from local corporate and individual investors, with the local corporate share of the free float increasing by 6.6%.

### BREAKDOWN OF SHAREHOLDERS

	FY20	FY21	FY22	FY23
Vodacom	35%	35%	35%	35%
Vodafone	5%	5%	5%	5%
Government of Kenya	35%	35%	35%	35%
Free float	25%	25%	25%	25%

### PROPORTION OF 'FREE FLOAT' SHAREHOLDERS BY CATEGORY

	FY20	FY21	FY22	FY23
Foreign corporate	44.7%	45.6%	43.7%	35.8%
Local corporate	39.7%	39.4%	41.2%	47.8%
Local individual	15.3%	14.6%	14.8%	16.0%
Foreign individual	0.4%	0.4%	0.4%	0.4%

## INTERACTING CLOSELY WITH OUR SHAREHOLDERS

Our management team continued to engage investors and shareholders during investor conferences and roadshows that were both physical and virtual. A highlight was our inaugural investor day in Feb 2023. Held as a hybrid event, the management team provided hands-on insight regarding the business strategy and various business unit products and services that align to our purpose. This event was the first of its kind in Kenya and feedback from attendees indicated that the event enhanced their understanding of Safaricom and our strategic priorities.

Major areas of interest from our investors included the regional expansion into Ethiopia. The decline in free cash flow from KSh 63.67 billion in FY22 to KSh 23.85 billion, as well as the decline in EBITDA from KSh 149.06 billion to KSh 139.86 billion were key topics under discussion. We explained that these developments were due to our commercial launch in Ethiopia in October 2022 which incurred significant costs, but that we remain confident about the growth prospects of our Ethiopian expansion.

Other issues under discussion were the macroeconomic environment, traction on new growth areas, the evolution and future of M-PESA, regulatory environment, digital partnerships and the company's strategy as we transition into a technology company by 2025. In addition, we saw increased interest and engagement by fund managers and investors with the management team on how we are driving sustainable business and the UN SDGs into our various products, services and day-to-day operations.

### OUR HIGHLIGHTS

- Successful inaugural Investor Day.
- Sound financial performance despite launch in Ethiopia in October 2022 which involved substantial capital investment.
- Granting of licence to operate mobile money services in Ethiopia (announced shortly after year-end).

### ISSUES FOR INVESTORS

- Institutional investors are increasingly focused on ESG issues.
- Details regarding our expansion in Ethiopia.

For further information about our financial performance in FY23, please refer to <https://www.safaricom.co.ke/investor-relations>.



## INVESTOR DAY COMMENTS

"We are excited to host our first-ever investors day, which is an important platform for us to engage with our stakeholders, including investors and analysts, to drive a deeper understanding of our strategy, operating model, execution plans and our vision as we strive to fully transform into a technology company by 2025. At Safaricom, we are committed to driving purpose-led growth, which means transforming lives through innovation and technology for a better society. We believe that our commitment to purpose-led growth will not only create long-term value for our shareholders, but also good for our customers and the communities we serve."

**Peter Ndegwa, Safaricom CEO**

"With a population of approximately 120 million people and financial inclusion at about 35%, 57% mobile penetration and annual inward remittance of about \$4.2 billion, Ethiopia offers a great opportunity to grow the business to the Kenya level in 10 years. Our growth trajectory is even more exciting for us as we look forward to offering financial services through M-PESA. We are finalising our commercial and technical readiness and we expect to launch operations within the upcoming financial year."

**Anwar Soussa, immediate former Safaricom Telecommunications Ethiopia PLC CEO**

## FUTURE FOCUS

- Continue building and maintaining a strong relationship with all our shareholders by increasing the frequency of our engagements.
- Generate solid returns to our shareholders based on our strategy to become a purpose-led technology company by FY25.



# MEDIA

## AN EXPANDING MEDIA LANDSCAPE

New media expansion has seen the creation of new titles and merging/convergence of news desks across the board as well as the rise of social media influencers/bloggers. We engaged with all of these and continued to work with news, features, court, parliament, business and sports desks depending on the stories we promote. Over 70% of Kenya live in rural areas and this section of the population tends to rely on radio. Accordingly, we also leveraged the power of radio to communicate across all 68 local languages. In addition, we created avenues to interact with niche journalists. This included hosting an Iftar dinner for Muslim journalists during Ramadan and media immersion sessions with sports journalists.

## ENHANCING LEADERSHIP PROFILES

One of the long-standing issues for media has been face-to-face engagement with the CEO and EXCO members. We expanded interaction in FY23 through in-person media engagement activities, the Investor Day event; an increased social media presence by the CEO and the publication of several thought leadership articles. These included:

- By the CEO: A commemorative piece on former Kenyan President Mwai Kibaki and articles on the following: the role of public-private partnerships in improve literacy skills and learning spaces for learners; the 5G journey; the opportunities for financial inclusion presented by the Hustler Fund; life lessons from world marathon record holder Eliud Kipchoge; sustaining digital connectivity in sub-Saharan Africa.
- The role played by mobile connectivity in optimising sub-Saharan Africa's digital economy by the Chief Corporate Affairs Officer.
- Life lessons in achieving goals, as well as an article on the creation of skilled digital talent pools to boost economic development by the Chief Human Resources Officer
- Averting cyber threats and a piece on the role of data protection in safeguarding consumers' privacy rights by the Chief Corporate Security Officer.

## HOLDING POSITIVE CONVERSATIONS

Key topics in the media were the change in appointment of the Safaricom Board Chairman, the costs of some of Safaricom's products and services due to excise tax imposed by the government and M-PESA

upgrades. While we could not stop initial speculation and negative comments, we are confident that enhanced interaction by the CEO and EXCO helped to mitigate the situation. Our conversations with media on brand, assets and sustainability were positive.

In addition to the Ethiopian expansion, attention was focused on Safaricom's role as the technology partner for Government and our active support for both the national and county governments to deploy solutions that benefit the public and contribute to societal progress. These included the Hustler fund which was rolled out in seven weeks; eCitizen which is digitising over 6 000 government services; the fertiliser e-subsidy programme and platforms like the myCounty app for county governments.

To support and enhance brand visibility we promoted initiatives like the Safaricom Chapa Dimba soccer tournament. After a three-year hiatus, the tournament will run from June 2023 to January 2024 and will take place from grassroots to national level across the country. Another programme which will intensify media visibility is Ghetto Classics which highlights music, singing and dance.

### OUR HIGHLIGHTS

- Investor Day presentation attended by media.
- Publication of thought leadership articles by CEO and Exco members.

### ISSUES FOR THE MEDIA

- Access to members of the Exco team.
- Information about key sustainability issues.



## INCREASED MEDIA INTEREST IN SUSTAINABILITY

Increasing media attention on sustainability-related issues is evidenced by the significant increase in the public relations value of issues focused on the Safaricom Foundation and Ndoto Zetu from KSh 567 007 330 in FY22 to KSh 608 576 090 in FY23.

While there is an interest in sustainability content, there are no sustainability-focused journalists. We plan to overcome this by helping journalists become more fully immersed in the context.

Following a previous redesign of our website to make it easier for users from an experience perspective and the linking the website to our digital transaction sites, website usage remained constant. Pleasingly our position (the average ranking of a website URL for queries) improved from 11.4 to 9.2 y-o-y.

### SUSTAINABILITY MENTIONS IN THE MEDIA FY23

	M-PESA Foundation	Safaricom Foundation/Ndoto Zetu	Sustainable Business Report
Print	22	40	14
TV	35	94	10
Radio	98	251	50
Online	90	120	36
Total number	245	505	110
PR value (KSh)	160 429 560	608 576 090	35 335 590

### WEBSITE PERFORMANCE

	FY20	FY21	FY22	FY23
Total users	524 544	783 134	4 167 205	<b>4 164 409</b>
Sessions	714 511	1 106 644	6 620 309	<b>6 025 871</b>
Bounce rate*	27.59%	23.04%	24.18%	<b>31.39%</b>
Average session duration	1 min 28 secs	1 min 29 secs	1 min 39 secs	<b>1 min 37 secs</b>
Page views	1 183 813 2	2 133 177	11 335 918	<b>9 991 608</b>
Avg. page load time (secs)	12.71	11.39	14.25	<b>15.60</b>
Clicks	434 000	490 000	5 822 375	<b>7 044 097</b>
Impression	3 710 000	4 990 000	66 053 764	<b>81 160 682</b>
Average web-site position**	11.9	9.1	11.4	<b>9.2</b>

\* The percentage of all sessions on the site in which users viewed only a single page and triggered only a single request to the analytics server

\*\* The average ranking of a website URL for the query/ queries

## FUTURE FOCUS

- Immerse media on stories before they are released to help journalists flesh out the key focus areas for their stories and content.
- Sponsor media house activities that link towards sustainability initiatives i.e., tree planting and CSR projects etc.
- Engage more closely with Ethiopian media for publicity and to build rapport





# APPENDIX

## IN THIS SECTION

KPI summary	94
Assurance letter	107

# ENVIRONMENT

## ENVIRONMENTAL STEWARDSHIP

### VALUE GENERATED BY CONSUMPTION OF AIRTIME VIA DIGITAL PLATFORMS (KSh million)

	FY20	FY21	FY22	FY23
M-PESA	103 325.4	110 731.25	120 257.2	18 189.3
Voucher	54 197.0	43 751.7	34 927.25	4 610.4
Pinless	5 400.7	7 976.0	7 475.5	937.8
<b>Total</b>	<b>162 923.2</b>	<b>162 459.0</b>	<b>162 660.0</b>	<b>23 737.5</b>

### ENVIRONMENTAL IMPACT MONITORING AND EVALUATION

	FY20	FY21	FY22	FY23
Environ. Impact Assessments	437	122	*57	43
Initial Environmental Audits	513	318	**31	533
Self-environmental audits	n/a	1 460	***487	365

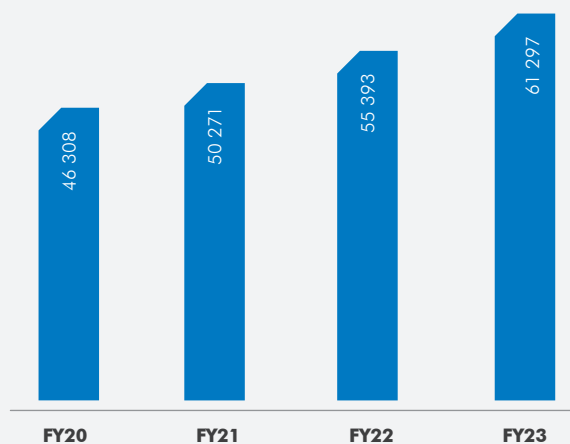
\* 20 5G and 37 network solution sites

\*\* Small cell sites (Initial audit)

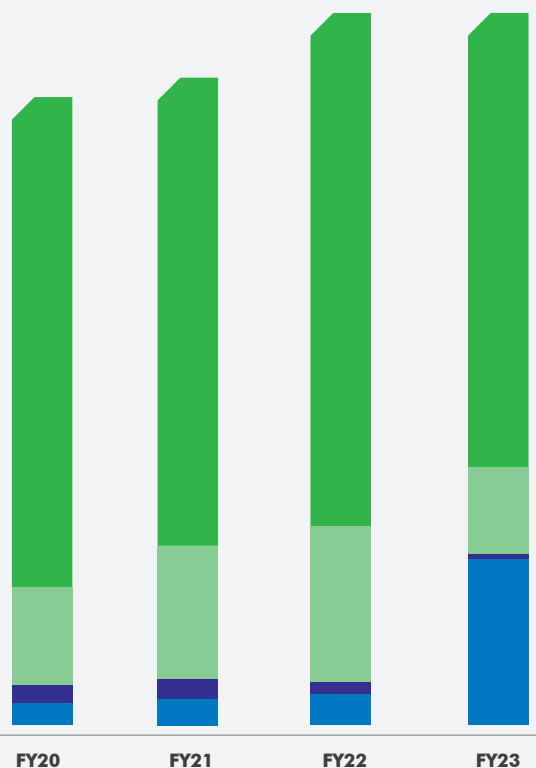
\*\*\* 408 BTS self-audits, 79 facilities self-audited

### COST OF ENERGY CONSUMPTION

Electricity, solar, diesel by site (KSh per month)



### NETWORK ENERGY BY SOURCE



- KPLC & Genset
- KPLC (no generator)
- 24/7 Diesel generator
- Solarised sites

	FY20	FY21	FY22	FY23
KPLC and genset	4 775	4 560	4 999	4 428
KPLC (No generator)	948	1 299	1 517	839
24/7 diesel generator	173	192	111	47
Solarised sites	221	255	310	1 432

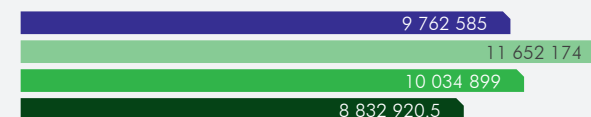
### ELECTRICITY, FUEL & WATER CONSUMPTION

FY20 FY21 FY22 FY23^

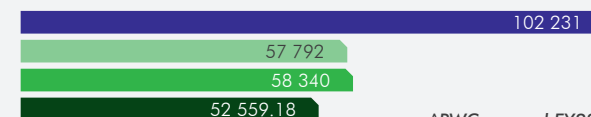
#### ELECTRICITY (MWh)



#### FUEL (DIESEL & PETROL - LITRES)

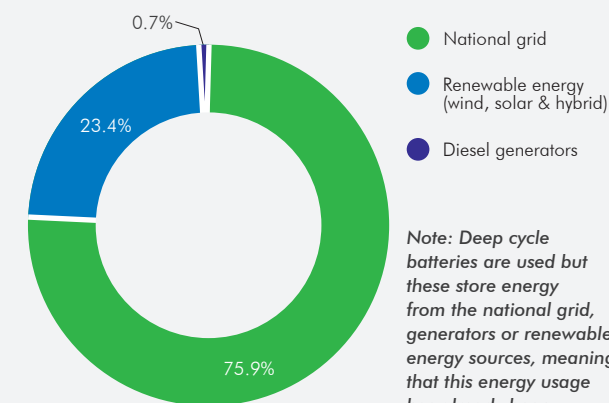


#### WATER CONSUMPTION (m³)



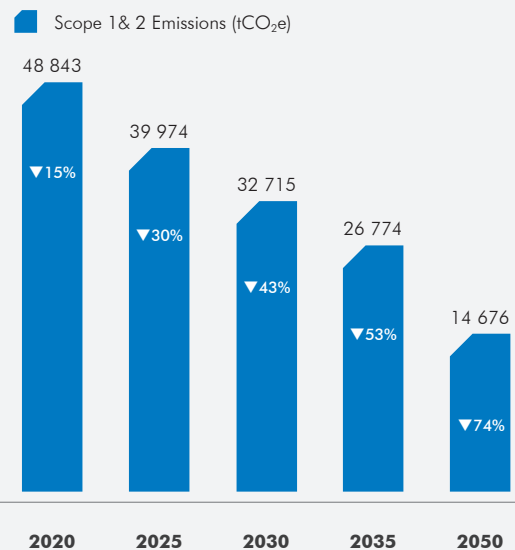
^PWC assured FY23

### NETWORK ENERGY BY PRIMARY SOURCE

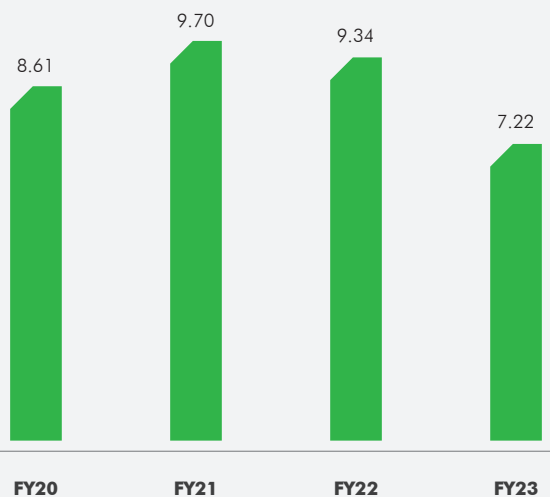


Note: Deep cycle batteries are used but these store energy from the national grid, generators or renewable energy sources, meaning that this energy usage has already been accounted for.

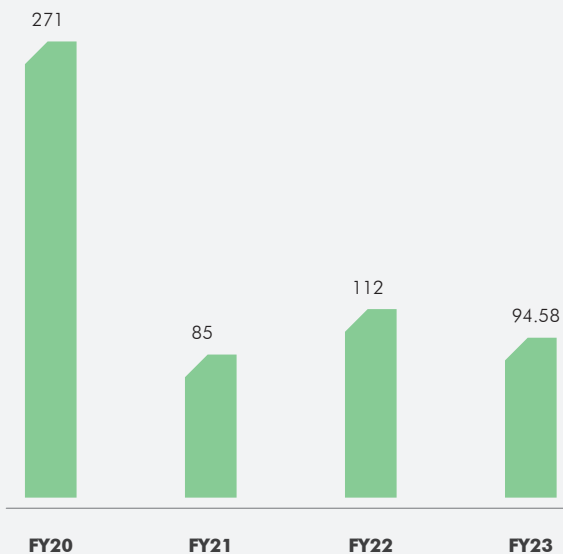
## OECD PATHWAY REDUCTION TARGETS



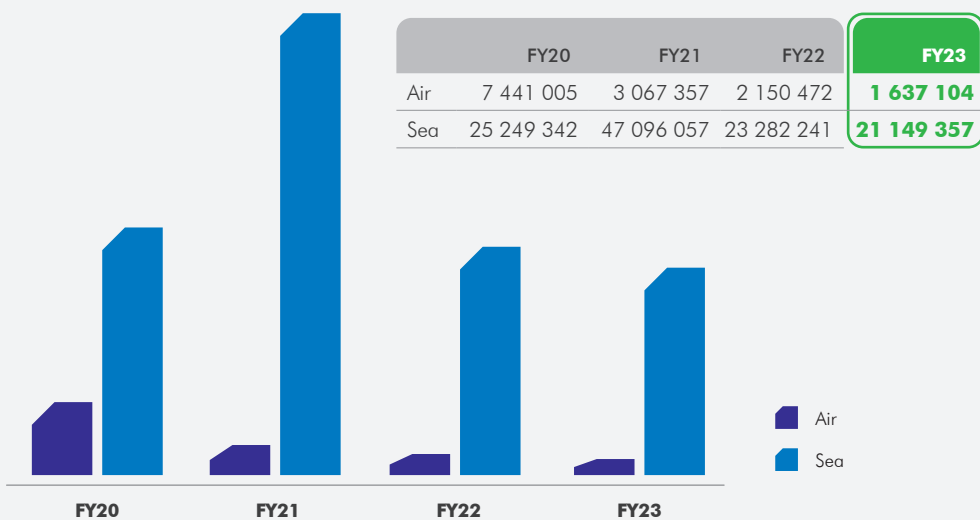
## EMPLOYEE EMISSIONS INTENSITY (tCO<sub>2</sub>e/FTE)



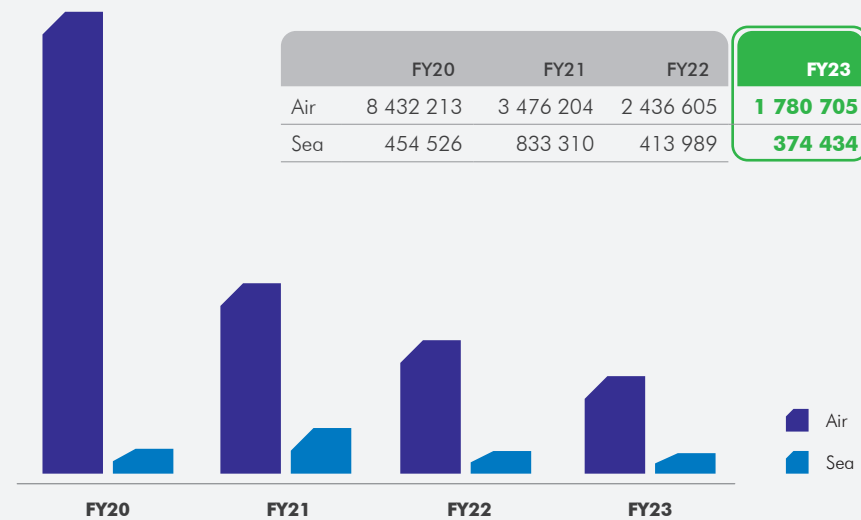
## FREIGHT CARBON INTENSITY (tCO<sub>2</sub>e/tonnes/km)



## AIR & SEA EMISSIONS (Tonnes.km)



## AIR & SEA EMISSIONS (kgCO<sub>2</sub>e)



OUR BUSINESS

OUR MATERIAL TOPICS

OUR STAKEHOLDERS

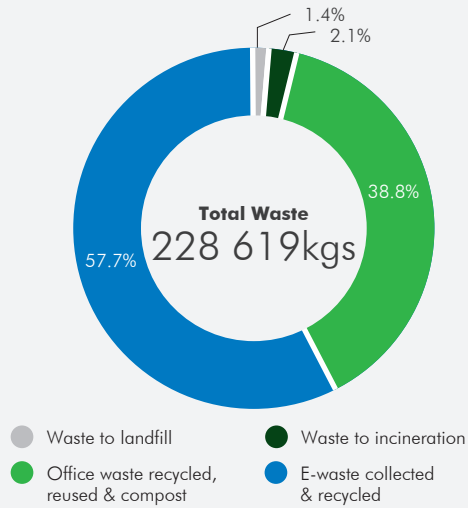
KPI SUMMARY



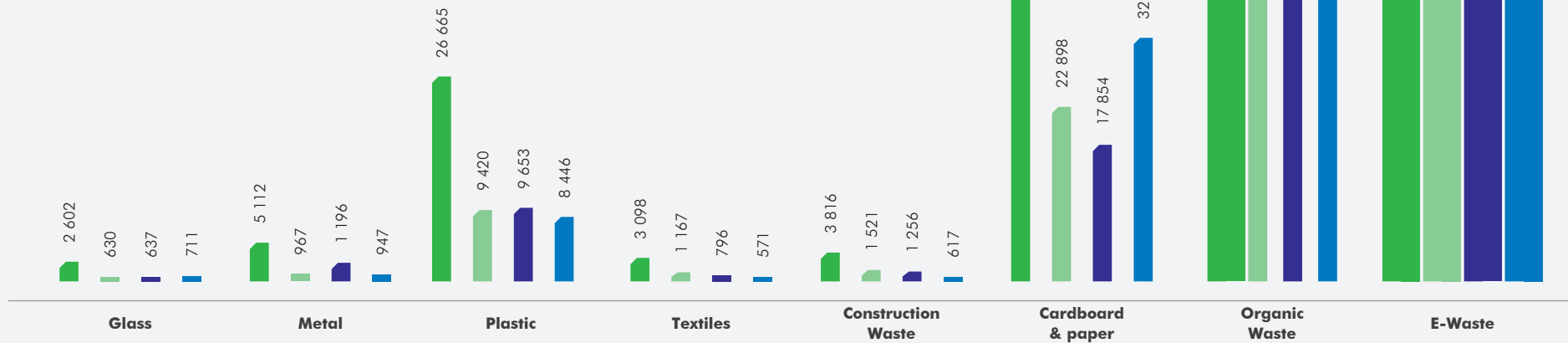


## WASTE COLLECTED &amp; RECYCLED (KGS)

## WASTE COMPOSITION



FY20 FY21 FY22 FY23



## SUMMARY OF SAFARICOM CARBON FOOTPRINT

### SUM OF GHG EMISSIONS (tCO<sub>2</sub>e)

	FY20	FY21	FY22	FY23	CO <sub>2</sub> emissions (FY23)	CH <sub>4</sub> emissions (FY23)	N <sub>2</sub> O emissions (FY23)
<b>SCOPE 1</b>							
Stationery combustion							
- Diesel consumed in generators	21 815.37	26 354.00	22 083.94	19 395.09	19 151.71	2.12	241.26
Fleet							
- Petrol	676.05	300.81	610.30	319.65	317.72	1.12	0.81
- Diesel	3 631.72	3 310.65	3 923.98	3 420.36	3 377.44	0.37	42.55
Total Refrigerant	2 188.17	1 159.98	998.65	1 189.80	0.00	0.00	0.00
<b>TOTAL SCOPE 1 ^</b>	<b>28 311.30</b>	<b>31 125.44</b>	<b>27 616.88</b>	<b>24 324.90</b>	<b>22 846.86</b>	<b>3.62</b>	<b>284.62</b>
<b>SCOPE 2</b>							
Purchased Electricity (Location-based)	10 544.31	12 099.86	13 560.00	14 415.26	14 298.06	46.88	70.32
<b>TOTAL SCOPE 2 ^</b>	<b>10 544.31</b>	<b>12 099.86</b>	<b>13 560.00</b>	<b>14 415.26</b>	<b>14 298.06</b>	<b>46.88</b>	<b>70.32</b>
<b>TOTAL SCOPE 1 AND 2</b>	<b>38 855.61</b>	<b>43 225.30</b>	<b>41 176.88</b>	<b>38,740.15</b>			
<b>SCOPE 3</b>							
Air travel	2 153.39	154.49	1 060.57	1 464.43	1 457.12	0.10	7.21
Taxis	465.20	523.61	462.79	407.67	404.39	0.01	3.28
Car Hire (Business Travel)							
- Diesel	-	621.05	-	0.00	0.00	0.00	0.00
- Petrol		466.27	282.01	275.18	273.52	0.96	0.70
<b>Total Business Travel</b>	<b>2 618.59</b>	<b>1 765.42</b>	<b>1 805.37</b>	<b>2 147.28</b>	<b>2 135.03</b>	<b>1.07</b>	<b>11.19</b>
Sea Freight (Upstream transportation & distribution)	454.53	833.31	413.99	374.43	369.98	0.14	4.31
Air Freight (Upstream transportation & distribution)	8 432.21	3 476.20	2 436.61	1 780.70	1 771.80	0.09	8.82
Water Supply (Waste water)	14.71	15.07	8.52	9.11			
Capital Goods	6 187.37	8 326.20	11 961.23	12 727.89			
Processing of Sold products	0	0	0	0			
<b>TOTAL SCOPE 3 ^</b>	<b>17 707.40</b>	<b>14 416.20</b>	<b>16 625.72</b>	<b>17 039.43</b>	<b>4 276.81</b>	<b>1.29</b>	<b>24.31</b>
<b>TOTAL CARBON EMISSIONS</b>	<b>56 563.01</b>	<b>57 641.50</b>	<b>57 802.59</b>	<b>55 779.58</b>	<b>41 421.74</b>	<b>51.79</b>	<b>379.25</b>

^PWC assured FY23

OUR BUSINESS

OUR MATERIAL TOPICS

OUR STAKEHOLDERS

KPI SUMMARY



# SOCIAL

## OUR PLATFORMS

### NETWORK AVAILABILITY & STABILITY

	FY20	FY21	FY22	FY23
Avg. weekly unavailable minutes (power NUR)	11.9	11.4	14.5	<b>4.09</b>
Avg. radio access network service unavailability rate (SUR minutes)	32.4	24.7	29.47	<b>29.998</b>
% base stations connected to grid (in total)	94.5	93.56	94	<b>94</b>
*Rectifier modernization (new KPI for FY22)	-	-	155	<b>278</b>

\* See page 43 for reference

### INDEPENDENT QUALITY OF SERVICE RESULTS

Service & KPI	FY20	FY21	FY22	FY23
Voice				
- Call setup success rate	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	<b>1<sup>st</sup></b>
- Dropped call ratio				
- Speech quality				
Data				
- Mean user data rates- download	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	<b>1<sup>st</sup></b>
- Mean user data rates- upload				
- Mean web browsing session time				
- Network delay				

### FINANCIAL INCLUSION PROFILE

	FY20	FY21	FY22	FY23
<b>M-PESA</b>				
M-PESA revenue (KSh billion)	84.4	82.6	107.6	<b>117.2</b>
No. of customers (million: 30 day active)	24.9	28.3	30.5	<b>32.1</b>
No. of Lipa Na M-PESA merchants	172 561	301 597	492 772	<b>606 662</b>
Diaspora remittances through M-PESA Global (KSh billion)	158	289.7	395.7	<b>418.0</b>
<b>M-SHWARI</b>				
No. of customers (million: active users)	4.66	3.98	4.67	<b>5.28</b>
M-Shwari deposits (KSh billion) *	319.9	571.2	745.0	<b>416.7</b>
M-Shwari loans (KSh billion)	129.6	94.5	86.1	<b>91.5</b>
<b>FULIZA</b>				
Transaction volumes (million)	392.9	787.1	1 456.0	<b>2353.8</b>
Amount disbursed (KSh billion)	245	351	502.6	<b>701.5</b>

\* Deposit balance (sum of monthly deposit balances)

### BREAKDOWN OF NETWORK NPS

FY20 FY21 FY22 FY23

#### SIGNAL COVERAGE



#### VOICE QUALITY



#### DATA COVERAGE



#### DATA SPEED

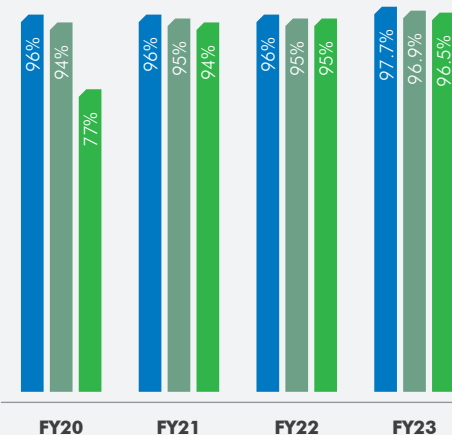


#### OVERALL



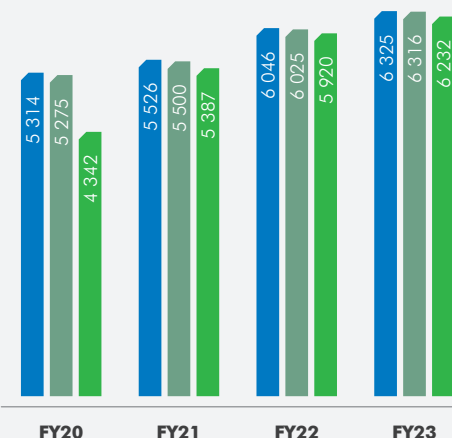
### NETWORK COVERAGE (% OF POPULATION)

2G 3G 4G



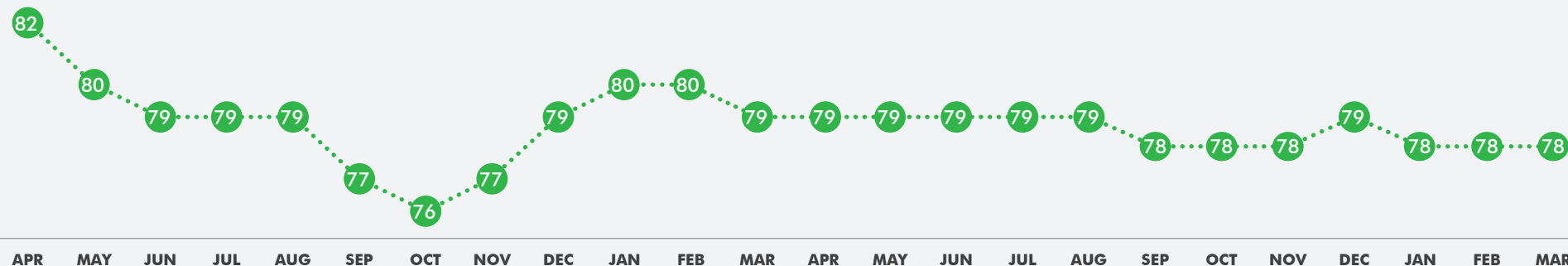
### BASE STATION TYPE

2G 3G 4G

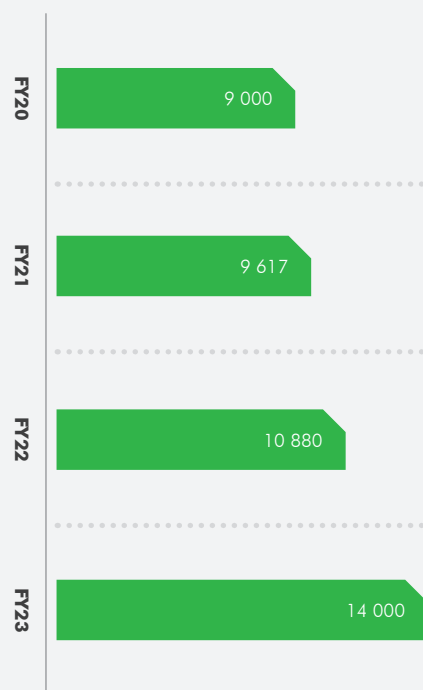




## MONTHLY OVERALL (TOTAL) NPS

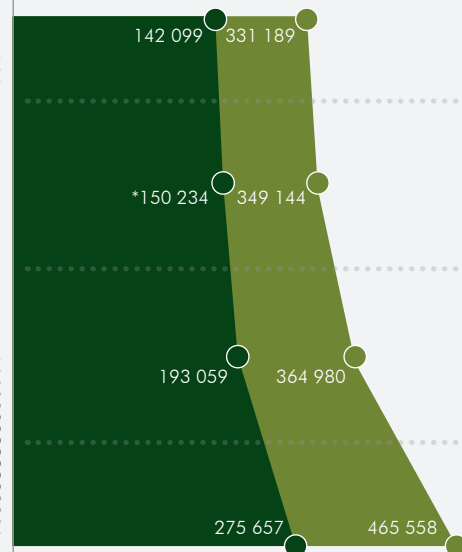


## OUR FIBRE FOOTPRINT

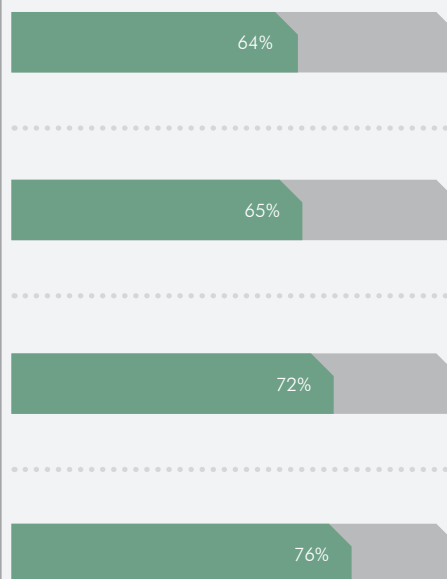
FOOTPRINT  
(TOTAL KILOMETERS TO DATE)

## RESIDENTIAL HOMES

● Connected ● Passed

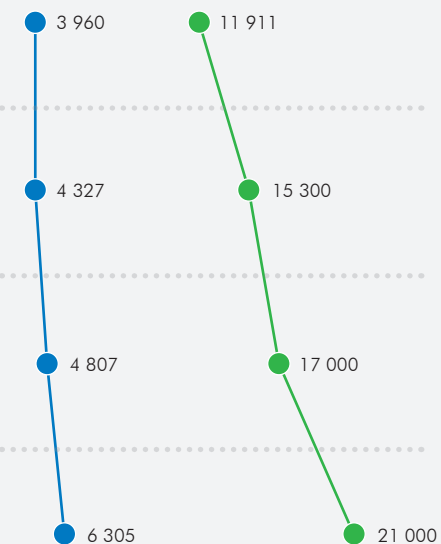


\* Note that the number of residential homes connected and passed for FY21 indicated differs due to interrogation and clean-up of data from previous years

BASE STATION TYPES  
CONNECTED (%)

## ENTERPRISES CONNECTED

● Buildings ● Customers



## OUR STAKEHOLDERS

### CONSUMER CUSTOMERS

#### DIGITISING THE CUSTOMER

	FY20	FY21	FY22	FY23
Smart phones connected to the network (million)^	15.0	16.7	18.5	20.3
4G enabled smartphones (millions)^	6.1	8.5	11.1	13.2

^PWC assured FY23

#### NET PROMOTER & BRAND CONSIDERATION SCORES

	FY20	FY21	FY22	FY23
NPS (consumer)^	59	65	64	63
NPS (enterprise)*	29	31	35	36
Brand consideration^	70	81	80	80

\* No 1 in each year ^ PWC assured FY23

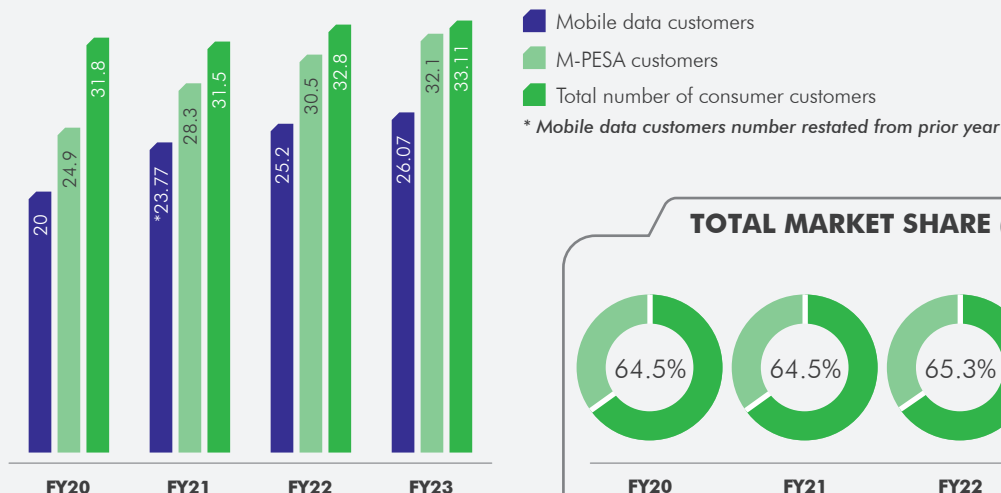
### ENTERPRISE CUSTOMERS

#### PROFILE OF OUR ENTERPRISE CUSTOMERS

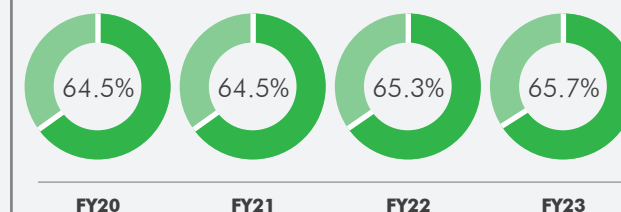
	FY20	FY21	FY22	FY23
Total number of Small and Medium enterprises (thousands)	75	101	90	133
SME revenue growth (2022-2023)	48%	12%	34%	18%
Total number of micro enterprises (thousands)	210	299	210	560
Micro enterprises revenue growth (2022-2023)	48%	20%	92%	12%
Total number of large and public enterprises	1 200	1 255	1 365	1 593
Large enterprise revenue growth (2022-2023)	19%	-15%	19%	18%
Market share in corporate segment (by customers)	99%	99%	99%	99%
Market share in SME segment (by customers)	20%	25%	32%	92%
Number of enterprise customers (thousands)	286	401	360	695
Market share by revenue (excluding payments)	53%	55%	58%	61%

Note: The redefinitions in table are based on the Strategic Plan 2020-2024 by the Micro and Small Enterprises Authority.

### OUR CUSTOMER PROFILE (MILLION)



#### TOTAL MARKET SHARE (%)



### CALL CENTRE PERFORMANCE

	FY20	FY21	FY22	FY23
Abandon rate	14%	7%	24%	40%
Average number of calls answered weekly	99 800	98 251	105 321	86 782
Call answer rate	86%	84%	76%	58%
NPS (COPS, overall)	38	48	83	**47
Service level*	77%	89%	63%	49%
MySafaricom app downloads	264 947	206 337	373 117	182 217

\* % of call answered within 20 seconds

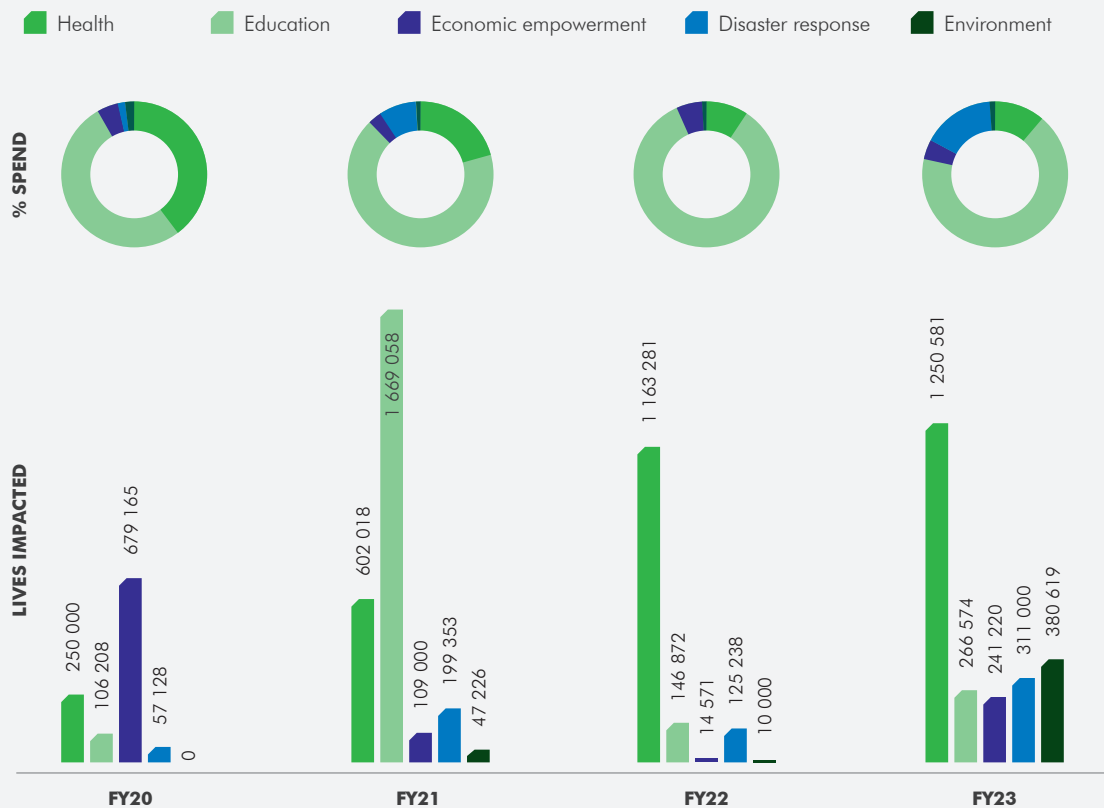
\*\*April statistics

### ZURI AT A GLANCE

	FY20	FY21	FY22	FY23
Total unique users	446 417	1 960 617	3 293 259	12 202 236
New users	344 190	1 514 200	2 903 235	**535 790
Total interactions (Daily average)	1 567	10 366	24 480	120 659

\*\* April statistics

## SAFARICOM AND M-PESA FOUNDATIONS: % SPEND VS. LIVES IMPACTED

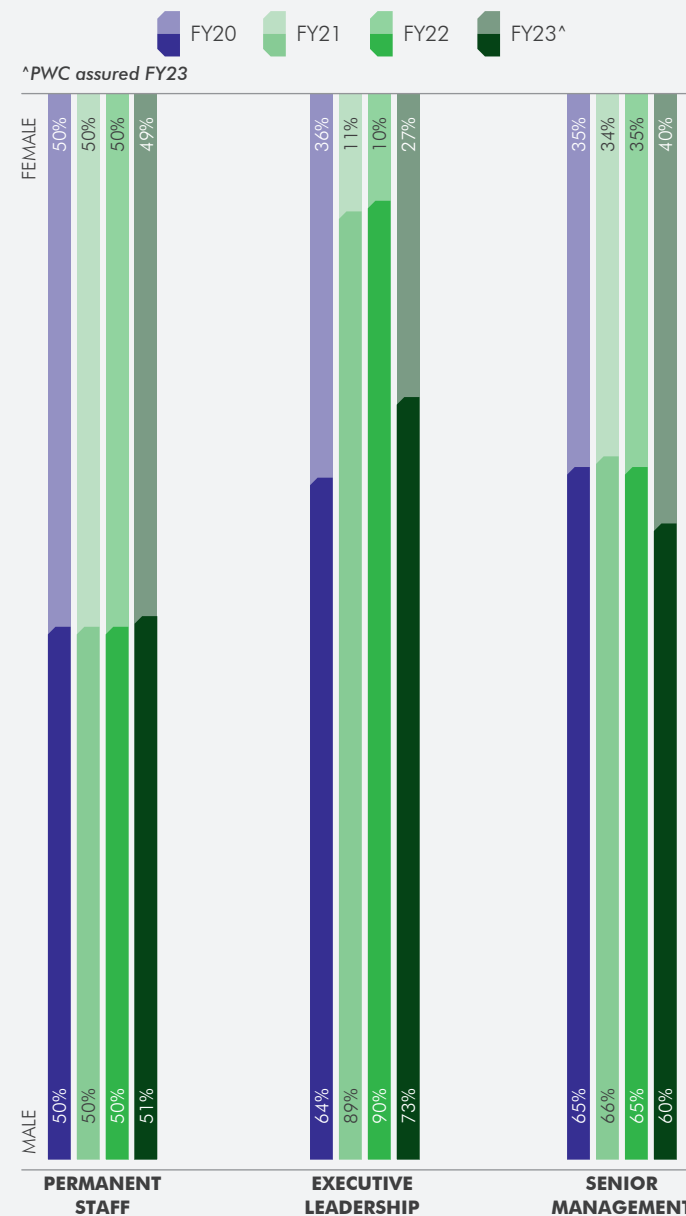


## SAFARICOM AND M-PESA FOUNDATIONS: SPEND TABLE

	FY20		FY21		FY22		FY23	
	SPEND	LIVES	SPEND	LIVES	SPEND	LIVES	SPEND	LIVES
Health	40%	250 000	22%	602 018	9%	1 163 281	10%	1 250 581
Education	52%	106 208	65%	1 669 058	85%	146 872	67%	266 574
Economic empowerment	5%	679 165	3%	109 000	6%	14 571	4%	241 220
Disaster response	1%	57 128	9%	199 353	-	125 238	15%	311 000
Environment	2%	-	1%	47 226	1%	10 000	1%	380 619

## EMPLOYEES

### EMPLOYEES BY GENDER & DIVERSITY (%)





## OUR WORKFORCE DEMOGRAPHICS

	FY20	FY21	FY22	FY23
No. of permanent male employees <sup>^</sup>	2 278	2 246	2 306	<b>2 709</b>
No. of permanent female employees <sup>^</sup>	2 237	2 210	2 154	<b>2 653</b>
Total no. of permanent employees <sup>^</sup>	4 515	4 456	4 460	<b>5 362</b>

## PERSONS WITH DISABILITIES (% OF TOTAL WORKFORCE)

	FY20	FY21	FY22	FY23 <sup>^</sup>
	2.3%	2.6%	3.1%	<b>3.1%</b>

## WOMEN IN OUR TECHNOLOGY DIVISION (%)

	FY20	FY21	FY22	FY23 <sup>^</sup>
	24%	24%	22%	<b>24%</b>

## EMPLOYEE ENGAGEMENT SURVEY RESULTS

	FY20	FY21	FY22	FY23
Employee engagement index	89	92	85	<b>83</b>
Manager engagement index	89	90	89	<b>88</b>
Staff turnover	5.0%	3.3%	5.1%	<b>6.9%</b>

## TRAINING HOURS AND INVESTMENT

	FY20	FY21	FY22	FY23
Avg. no. of training hours per employee	N/A	46.42	40	<b>41</b>
Investment in staff training (KSh million)	310	128	193	<b>156</b>
Avg. training index*	83%	81%	85%	<b>85%</b>

\* Percentage of staff who attended training during the year

<sup>^</sup> PWC assured FY23

## INTERNAL LABOUR MARKET MAP

		FEMALE STAFF			MALE STAFF		
		Senior Management	Middle Management	Entry Level	Senior Management	Middle Management	Entry Level
Hires	FY20	4.60%	4.20%	1.80%	2.50%	7.70%	3.80%
	FY21	9.60%	3.30%	1.20%	2.50%	3.20%	4.20%
	FY22	10.70%	3.60%	3.20%	10.20%	4.50%	14.30%
	<b>FY23</b>	<b>13%</b>	<b>8%</b>	<b>27%</b>	<b>4%</b>	<b>10%</b>	<b>26%</b>
Promotions	FY20	6.50%	1.60%	0.70%	5.60%	2.30%	0.90%
	FY21	3.83%	7.05%	0.85%	5.06%	7.17%	1.03%
	FY22	14.80%	15.80%	5.60%	8.00%	17.00%	8.00%
	<b>FY23</b>	<b>58%</b>	<b>5%</b>	<b>0.4%</b>	<b>36%</b>	<b>4%</b>	<b>0.3%</b>
Laterals	FY20	10.20%	8.70%	2.00%	9.60%	7.00%	1.30%
	FY21	3.83%	3.34%	3.26%	2.02%	3.24%	2.30%
	FY22	11.50%	4.60%	3.00%	9.80%	3.60%	4.20%
	<b>FY23</b>	<b>43%</b>	<b>2%</b>	<b>1%</b>	<b>45%</b>	<b>2%</b>	<b>1%</b>
Voluntary Exits	FY20	1.90%	2.90%	3.30%	4.10%	4.10%	3.20%
	FY21	4.79%	3.34%	0.98%	1.52%	1.62%	1.78%
	FY22	4%	4.90%	2.80%	4.60%	5.10%	3.50%
	<b>FY23</b>	<b>9%</b>	<b>7%</b>	<b>3%</b>	<b>7%</b>	<b>8%</b>	<b>4%</b>
Total Exits	FY20	2.80%	3.40%	4.50%	5.10%	4.90%	4.80%
	FY21	6.70%	8.17%	2.24%	3.04%	2.31%	4.50%
	FY22	5.90%	6.30%	3.60%	8.10%	5.90%	5.50%
	<b>FY23</b>	<b>13%</b>	<b>7%</b>	<b>4%</b>	<b>13%</b>	<b>9%</b>	<b>6%</b>

## TOTAL OSH-RELATED INCIDENTS

	FY20	FY21	FY22	FY23
Fatalities <sup>^</sup>	1	3	2	<b>0</b>
Lost Time Injuries (LTIs) <sup>^</sup>	14	9	2	<b>1</b>
Incidents <sup>^</sup>	175	136	147	<b>118</b>
Medical treatment cases <sup>^</sup>	18	19	116	<b>58</b>
Man-hours (million) <sup>^</sup>	11.9	11.5	11.5	<b>11.5</b>
FIFR <sup>^</sup>	0	0	0	<b>0</b>
LTIFR <sup>^</sup>	0.017	0	0	<b>0</b>

## BUSINESS PARTNERS

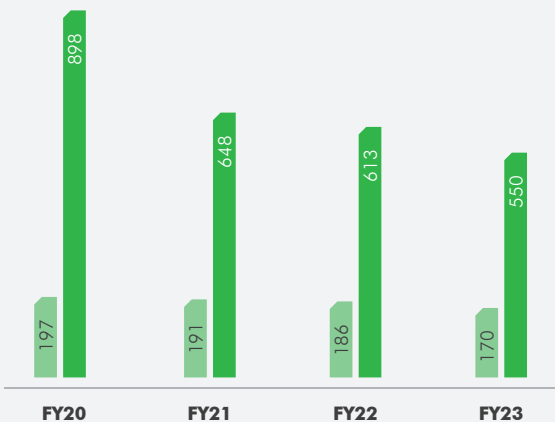
### SUPPLIER SPEND BY CATEGORY

- Spend with foreign suppliers
- Spend with local suppliers



### NUMBER OF SUPPLIERS

- Foreign suppliers
- Local suppliers



### TOTAL SUPPLIER SPEND

	FY20	FY21	FY22	FY23
No. of suppliers	1 095	839	799	720
Total spend (KSh million)	86 696	92 827	94 625	102 012

### WIB PERFORMANCE INDICATORS

	FY20	FY21	FY22	FY23
No. of women-owned businesses	205	227	236	236
No. of women suppliers as a percentage of supplier base	10.2%	9.7%	8.59%	8.39%
No. of unique WIB who have participated in tenders	23.4%	14.1%	16.10%	8.05%
Procurement spend (KSh billion)	1.77	1.7	2.38	5.93
Procurement spend for WIB vs gross procurement value	2.3 %	2.3%	3.07%	5.81%

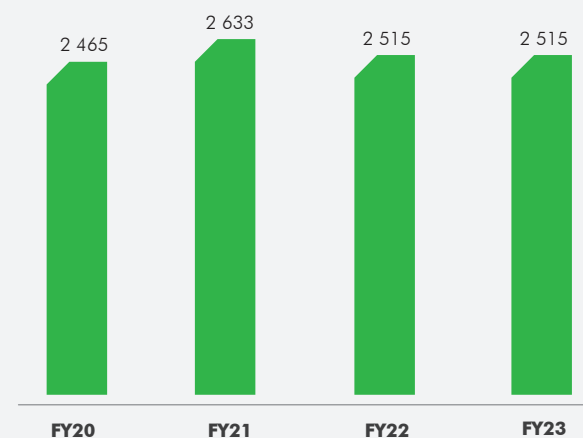
### SUPPLIER PERFORMANCE EVALUATION COVERAGE

	FY20	FY21	FY22	FY23
Supplier performance evaluations score	82.61%	86%	88.87%	85.8%
No. of evaluations performed	1 025	1 493	1 594	1 860

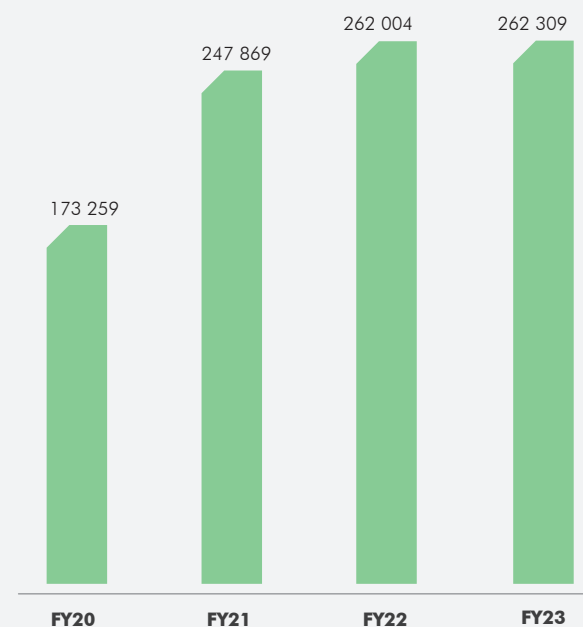
### OUR DEALER NETWORK

	FY20	FY21	FY22	FY23
No. of active dealers	440	435	435	432
No. of dealer relationship managers	6	6	6	0
No. of area sale managers/ active sales managers	42	42	42	38

### MOBILITY SCHEME CUMULATIVE NUMBER OF BIKES



### NUMBER OF M-PESA AGENTS



OUR BUSINESS

OUR MATERIAL TOPICS

OUR STAKEHOLDERS

KPI SUMMARY

## MEDIA

### SUSTAINABILITY MENTIONS IN THE MEDIA FY23

Media type	M-PESA Foundation	Safaricom Foundation / Ndoto Zetu	Sustainable Business Report
Print	22	40	14
TV	35	94	10
Radio	98	251	50
Online	90	120	36
Total number	245	505	110
PR value (KSh)	160 429 560	608 576 090	35 335 590

### WEBSITE PERFORMANCE

	FY20	FY21	FY22	FY23
Total users	524 544	783 134	4 167 205	<b>4 164 409</b>
Sessions	714 511	1 106 644	6 620 309	<b>6 025 871</b>
Bounce rate*	27.59%	23.04%	24.18%	<b>31.39%</b>
Average session duration	1 min 28 secs	1 min 29 secs	1 min 39 secs	<b>1 min 37 secs</b>
Page views	1 183 813 2	2 133 177	11 335 918	<b>9 991 608</b>
Average page load time (secs)	12.71	11.39	14.25	<b>15.60</b>
Clicks	434 000	490 000	5 822 375	<b>7 044 097</b>
Impression	3 710 000	4 990 000	66 053 764	<b>81 160 682</b>
Average web-site position**	11.9	9.1	11.4	<b>9.2</b>

\* The percentage of all sessions on the site in which users viewed only a single page and triggered only a single request to the analytics server

\*\* The average ranking of a website URL for the query/ queries



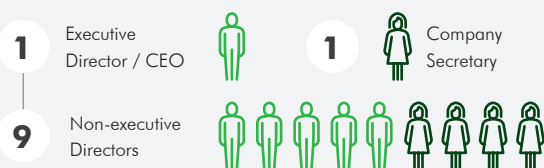
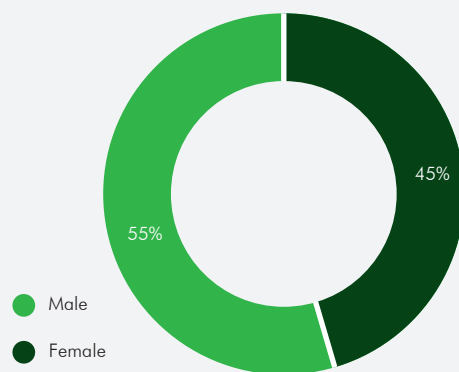


# GOVERNANCE

## DEMOGRAPHICS OF THE BOARD (GENDER AND COMPOSITION)

	FY20	FY21	FY22	FY23
Females	30%	30%	35%	45%
Males	70%	70%	65%	55%
Executives	1	1	1	1
Non-executive directors	9	9	9	9

## BOARD COMPOSITION



## ANTI-CORRUPTION MONITORING MEASURES



### Risk assessments (bi-annual cycle):

Comprehensive evaluations of a range of risks, from operational and strategic to ethical and reputational.

### Fraud reviews:

Conducted on specific areas/ processes suspected of having become compromised.

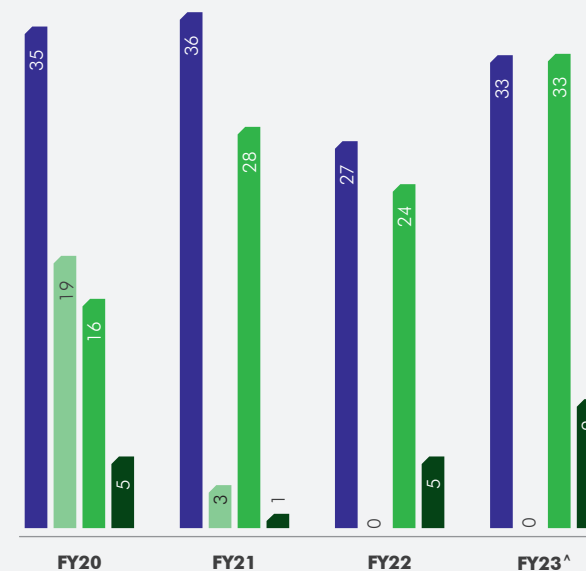
### Audit reviews:

In-depth reviews that evaluate specific internal controls and processes.

### Special request reviews:

Reviews of special areas/ processes requested by management.

## ANTI-CORRUPTION CORRECTIVE MEASURES



### Fraud cases investigated

### Disciplinary warnings

### Dismissals

### Cases reported to law enforcement agencies

^PWC assured FY23

## ETHICS & ANTI-CORRUPTION STAFF TRAINING (% OF TOTAL STAFF)

	FY20	FY21	FY22	FY23
% of total staff attending ethics and anti-corruption training^	96%	98%	98.5%	98%

## TYPES OF CASES INVESTIGATED

	FY20	FY21	FY22	FY23
Asset misappropriation^	9	2	8	2
Breach of policy/procedure^	3	8	9	17
Conflict of interest^	9	0	0	0
Data privacy^	3	0	1	22
Negligence of duties^	5	0	0	0
SIM swap^	6	4	10	14
<b>Grand total^</b>	<b>35</b>	<b>36</b>	<b>28</b>	<b>33</b>

## ETHICS TRAINING FOR PARTNERS

	FY20	FY21	FY22	FY23
Suppliers ^	286	530	489	401
Dealers^	309	451	435	432
M-PESA agents^	63 812	1 345	4 217	1 689
No. of awareness broadcasts covering all M-PESA agents^	32	50	55	37

^PWC assured FY23

## BREAKDOWN OF SHAREHOLDERS

	FY20	FY21	FY22	FY23
Vodacom	35%	35%	35%	35%
Vodafone	5%	5%	5%	5%
Government of Kenya	35%	35%	35%	35%
Free float	25%	25%	25%	25%

## PROPORTION OF 'FREE FLOAT' SHAREHOLDERS BY CATEGORY

	FY20	FY21	FY22	FY23
Foreign corporate	44.7%	45.6%	43.7%	35.8%
Local corporate	39.7%	39.4%	41.2%	47.8%
Local individual	15.3%	14.6%	14.8%	16.0%
Foreign individual	0.4%	0.4%	0.4%	0.4%







## Assurance Report on the Selected Sustainability Information in Safaricom Plc's Sustainable Business Report

### To the Directors of Safaricom Plc

We have undertaken a limited assurance engagement in respect of the identified sustainability information (the 'Identified Sustainability Information') listed below and identified with a "✓" in Safaricom Plc's (the "Company", "Safaricom" or "you") Sustainable Business Report for the year ended 31 March 2023. This engagement was conducted by a multidisciplinary team including specialists with relevant experience in sustainability reporting.

### Identified Sustainability Information

The identified sustainability information described below has been prepared in accordance with the Company's reporting criteria "Sustainability Reporting Criteria for Identified Sustainability Information 2023" (the 'Criteria') that is set out under <https://www.safaricom.co.ke/about/sustainability/sustainable-business-reports>.

KEY PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	PAGE
Ethics and anti-corruption staff training	% of staff	37
Business partners KYC and ethics training:	Number	38
<ul style="list-style-type: none"> <li>Suppliers</li> <li>Dealers</li> <li>M-PESA Agents</li> <li>No. of awareness broadcasts covering all M-PESA agents</li> </ul>		
Fraud cases investigated	Number	38
Outcomes of fraud cases investigated	Number	38
<ul style="list-style-type: none"> <li>Disciplinary warnings</li> <li>Dismissals</li> <li>Cases reported to law enforcement agencies</li> </ul>		
Average weekly unavailable minutes: power network unavailability rate (NUR)	Power related outage in mins/ total number of cells (BTS)	43
Average radio access network service unavailability rate (SUR) (minutes)	Outage in minutes/ total number of cells (BTS)	43
Electricity consumption	Mwh	50
Fuel consumption	Litres	50
Water consumption	M <sup>3</sup>	50
Total Scope 1 carbon emissions	tCO <sub>2</sub> e	56
Total Scope 2 carbon emissions	tCO <sub>2</sub> e	56
Total Scope 3 carbon emissions	tCO <sub>2</sub> e	56

PricewaterhouseCoopers LLP, PwC Tower, Waiyaki Way/Chiromo Road, Westlands  
P O Box 43963 – 00100 Nairobi, Kenya

T: +254 (20)285 5000 F: +254 (20)285 5001 [www.pwc.com/ke](http://www.pwc.com/ke)

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert S B Okundi K Saiti



KEY PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	PAGE
Digitising the customer	Number	64
<ul style="list-style-type: none"> <li>Smartphones connected to the network</li> <li>4G enabled smartphones</li> </ul>		
Consumer NPS	Rating	66
<ul style="list-style-type: none"> <li>NPS (consumer)</li> <li>Brand consideration</li> </ul>		
Workforce demographics:	Numbers	77
<ul style="list-style-type: none"> <li>Number of permanent male employees</li> <li>Number of permanent female employees</li> <li>Total number of permanent employees</li> </ul>		
Employees by gender (permanent staff, executive leadership, senior management)	%	77
Persons with disabilities	%	77
Women in technology Division	%	77
OHS incidents:	Number	80
<ul style="list-style-type: none"> <li>Fatalities</li> <li>Lost Time Injuries (LTIs)</li> <li>Incidents</li> <li>Medical treatment cases</li> <li>Man-hours (million) - employees only</li> <li>Fatal Injury Frequency Rate (FIFR)</li> <li>Lost Time Injury Frequency Rate (LTIFR)</li> </ul>		

### Safaricom's Responsibility for the Identified Sustainability Information

Safaricom is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

### Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.







The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of Safaricom's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we;

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected sustainability information;
- Performed a controls walkthrough of identified key controls;



- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated the reasonableness and appropriateness of significant estimates and judgements made by the directors in the preparation of the selected sustainability information; and
- Evaluated whether the selected sustainability information presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Safaricom's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

#### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Safaricom's Identified Sustainability Information for the year ended 31 March 2023 is not prepared, in all material respects, in accordance with the Criteria.

#### **Other Matters**

The maintenance and integrity of Safaricom's website is the responsibility of Safaricom's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Safaricom's website.

#### **Restriction of liability**

This report, including the conclusion, has been prepared solely for the directors of Safaricom as a body, to assist them in reporting on Safaricom's sustainable development performance and activities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and Safaricom for our work or this report save where terms are expressly agreed and with our prior consent in writing.

**Edward Kerich**  
Practicing Certificate Number P/2048  
Engagement partner responsible for the assurance  
For and on behalf of PricewaterhouseCoopers LLP  
Certified Public Accountants, Nairobi  
5 October 2023





