

# STANDING TOGETHER: GOING BEYOND

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FOR YOU



# WELCOME TO OUR SUSTAINABLE BUSINESS REPORT

## 04

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# STANDING TOGETHER: GOING BEYOND



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*The theme for our 2021 Sustainable Business Report is ‘Standing Together: Going Beyond’. It is based on our 20th anniversary brand campaign dubbed ‘Twende Tukiuke’, which is loosely translated as ‘Go beyond’. This in turn is based on our commitment to help individuals, communities and businesses realise their dreams by providing transformational products and services. It is also based on our understanding that together, we are stronger. Together, we can achieve more.*

On 23 October 2020 we celebrated our 20<sup>th</sup> anniversary. Our success, throughout the past two decades, has been premised on going beyond the provision of expected products and services. We have done so by standing together with our customers to identify their most pressing needs, adding value with innovative solutions and transforming every aspect of their daily lives – from home to work and beyond. In doing so, we have focused on changing society for the better, for the greater good of all Kenyans.

In October 2020, we embarked on our new business strategy that will transform Safaricom into a purpose-led, technology organisation by 2025.

The new strategy is based on the following: Looking back over our past successes, we recognise that we need to be future ready and continue to grow and evolve, while meeting digital trends and opportunities. We can achieve this if we combine technology and innovative thinking across every aspect of our business and use technology to transform the lives of our customers and communities, as we have done with M-PESA. Through innovation we continue to expand our impact in areas such as agriculture, education, wealth creation and health. We will leverage our long track record of technological innovation to promote financial inclusion and drive enhanced access to opportunities for our customers.

Opening up access to opportunities for our customers aligns with our customer-first approach and Customer Obsession journey, launched in the period under review. Through this journey, we aim to go beyond customer excellence to becoming notoriously customer obsessed, to value and delight our customers with superior experiences by the end of FY22.

Our theme ‘**Standing Together: Going Beyond**’, represents our solidarity with the people of Kenya and articulates our strategic intent. We aspire to be a digital first, insights-led organisation that enables platforms and ecosystem partnerships. We always look beyond the expected to deliver the most favourable outcomes for all our stakeholders, particularly for our customers. In doing so, we connect people to people, people to knowledge and people to opportunities.

As we do so, we leverage our connectivity, platforms and technology to explore new areas of growth guided by the United Nations Sustainable Development Goals (UN SDGs) and through partnerships.

The COVID-19 pandemic reinforced our belief that we cannot succeed in isolation. Feedback from our stakeholders indicates that the connections we enabled and intensified throughout the pandemic helped them in innumerable ways. The theme of this report reflects both this and our alignment with and commitment to, the United Nations Sustainable Development Goals (UN SDGs). Underpinning the goals is the belief that our future is interconnected – with each other and with the planet. Our approach in integrating the SDGs into our present and future activities is detailed throughout this report.

## ABOUT THIS REPORT

This 10<sup>th</sup> Sustainable Business Report, sets out to disclose our efforts to achieve our goal of transforming lives. We report transparently on our successes and our setbacks, with narrative supplemented by four-year graphs and tables to provide relevant, material and comparable information. Our reports since 2013 can be accessed at: <https://www.safaricom.co.ke/about/transforming-lives/sustainability/sustainability-reports>

We cover highlights, stakeholder issues, the manner in which we went beyond the expected in FY21 and 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 2020 to 31 March 2021. For a more detailed overview of the value we bring to our stakeholders and our

impact on society, this report should be read together with the 2021 Safaricom Annual Report and Financial Statements.

## OUR REPORTING STANDARDS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. 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 2021 Safaricom Annual Report.

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 satisfactory accuracy and impartiality.

### Michael Joseph



Chairman and Non-Executive Director  
Safaricom PLC

### Peter Ndegwa



Chief Executive Officer  
Safaricom PLC

## HELP US IMPROVE OUR REPORTING



We hope this report provides 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)



## SAFARICOM AT A GLANCE

 **2 000**  
YEAR FOUNDED

 **Nairobi**  
HEADQUARTERS

 **39.9 million**  
TOTAL CUSTOMERS

 **5 526**  
NETWORK SITES

 **435**  
DEALERS

 **4 456**  
PERMANENT EMPLOYEES

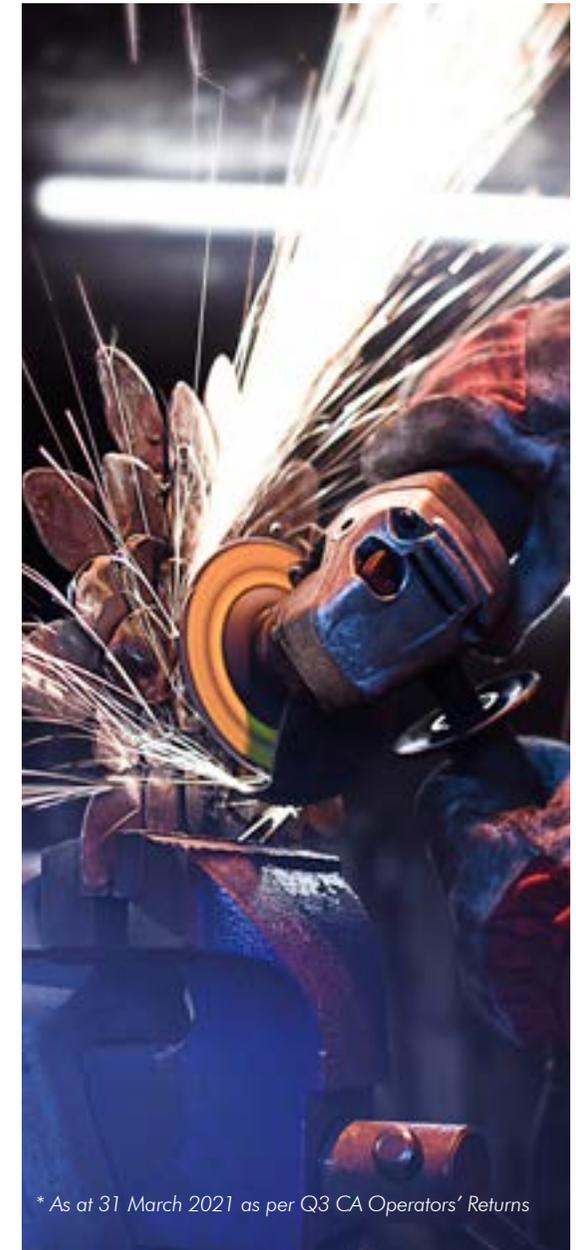
 **247 869**  
AGENTS

 **KSh 264 b**  
TOTAL REVENUE IN FY21

 **64.4%**  
PERCENTAGE MARKET SHARE  
IN MOBILE SUBSCRIPTIONS\*

 **10 080 km**  
FIBRE OPTIC FOOTPRINT

 **96%<sup>2G</sup> 95%<sup>3G</sup> 94%<sup>4G</sup>**  
OF THE KENYAN POPULATION COVERED BY OUR NETWORK



\* As at 31 March 2021 as per Q3 CA Operators' Returns

## OUR RESPONSE TO COVID-19

We activated our pandemic response plan and crisis management team in January 2020 as it rapidly became apparent to us that we were dealing with a global pandemic that would have far reaching implications not just in China, but globally.

The COVID-19 pandemic highlighted the way in which we are all connected and re-affirmed our belief that our present and future are inextricably linked to the wellbeing of the society that we serve. Against this backdrop, we unhesitatingly stepped up to support our stakeholders during the pandemic. A snapshot of how we did so is set out below, with further COVID-related actions woven into the narrative throughout this report.

### SUPPORT TO STAFF



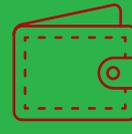
Voluntary, **free COVID testing** for staff and dependants. Over 6 000 tests conducted.



**Personal protective equipment (PPE)** worth over 650M provided to our frontline staff at the shops and in the field.



**Case management programme** through our company health adviser for staff who became infected.



**Salary advances** were extended to staff to support them financially during the unprecedented difficulties related to the pandemic.



We established a robust virtual private network to ensure uncompromised data security and **supported 1 821 staff with data connections to enable work from home.**



A team of 20 professional counselling psychologists facilitated **counselling support** to teams and affected persons.



**Counselling and psychological support hotline** for staff to support them to cope with psychological challenges brought about by the pandemic. We held over 300 team and 2 600 individual counselling sessions.



We implemented the infrastructure and procedures that enabled a seamless transition to working from home - **90% of all office based staff** and 80% of call centre staff. Calls between staff were zero rated to enhance collaboration, **2 370 staff** were provided with ergonomic seats for improved comfort and we provided call centre staff with laptops.

### SUPPORT TO GOVERNMENT

# KSh 200 m



**Donated** KSh 200 million to the **national COVID-19 kitty.**



Provided **communication support** through airtime and bundles for **frontline health workers.**



Established the **719 helpline** at the request of Government. All Kenyans could access the helpline irrespective of their operator of choice.

## SUPPORT TO BUSINESS PARTNERS



**KSh 200 million** provided to 105 604 M-PESA active tills to support agents in purchasing sanitisers.



Where 30% of agent stores needed to have float of KSh 20 000, we **changed the onboarding matrix** to 70:30 and above. We also **increased the number of tills per dispatch to 15**.



**3 200 partners' workers** attached to us provided with cash stipends and hygiene packs.



We provided three-month resource support amounting to **KSh 130 million to our dealers** in addition to the normal dealer resources support.



**Facilitated movement for all our business partners** as essential service providers during lockdown to allow them to operate in different regions in the country.



**33 000 masks and sanitisers** provided for dealer frontline staff.

## SUPPORT TO OUR COMMUNITIES

Both the M-PESA and Safaricom Foundations were involved in our COVID-19 mitigation response to the community.

### M-PESA Foundation

**Provided 4 000 health workers and 1500 families** with food parcels

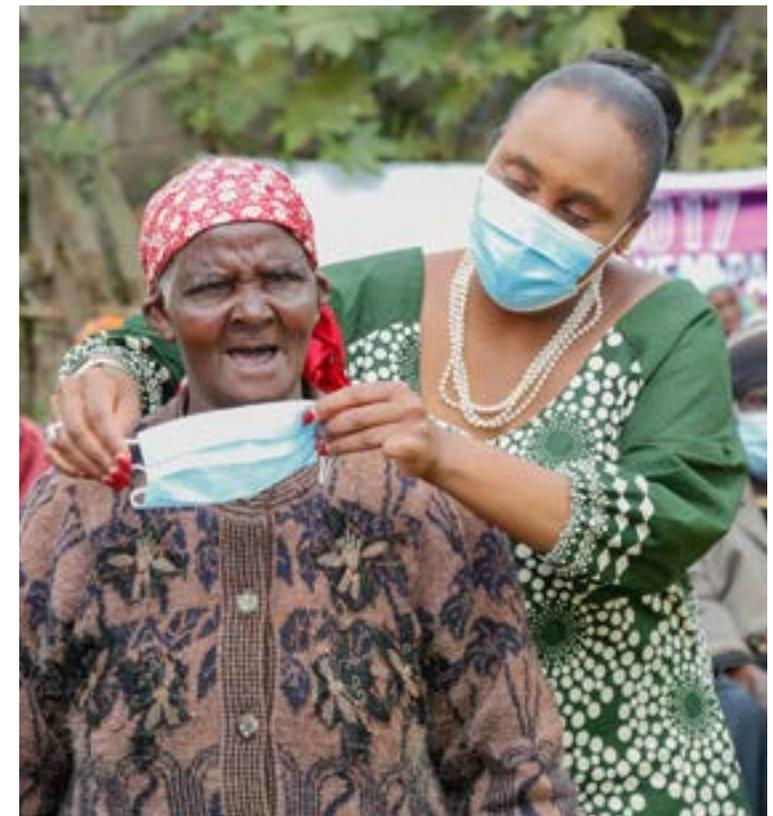
### Safaricom Foundation

**5 000 health workers:** provided with PPE.

**165 000 people:** provided with clean water, handwashing soap and sanitisation booths

**4 350 young learners in informal settlements:** provided with smartphones and airtime to enable online learning.

**KSh 200 million** worth of food hampers provided to low income households



## SUPPORT TO OUR CUSTOMERS



We worked with regulators on the allocation of **additional spectrum** to meet the spike in demand for internet services as most of our customers transitioned to working from home.



We **doubled fibre speeds**, thereby enabling customers to work from home more efficiently.



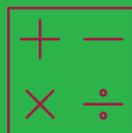
We **upgraded 1 045 sites to 4G** to meet the significant increase in demand for mobile data, driven by our customers continuing to work from home and needing to stay in touch during the pandemic.



We partnered with Longhorn, Viusasa Elimu, Shupavu-Eneza and the Kenya Institute of Curriculum Development (KICD) to **help learners access education from home**. There were 15 million downloads of the 100MB affordable bundle.



We **waived the transaction fees for amounts below KSh 1 000** up to 31 December 2020 — 1.7 billion zero-rated transactions valued at KSh 4.38 trillion.



We also partnered with **UNESCO and Eneza's Shupavu 291 solution** to give students access to mentors and information on Science, Technology, Engineering and Mathematics (STEM) subjects via SMS.



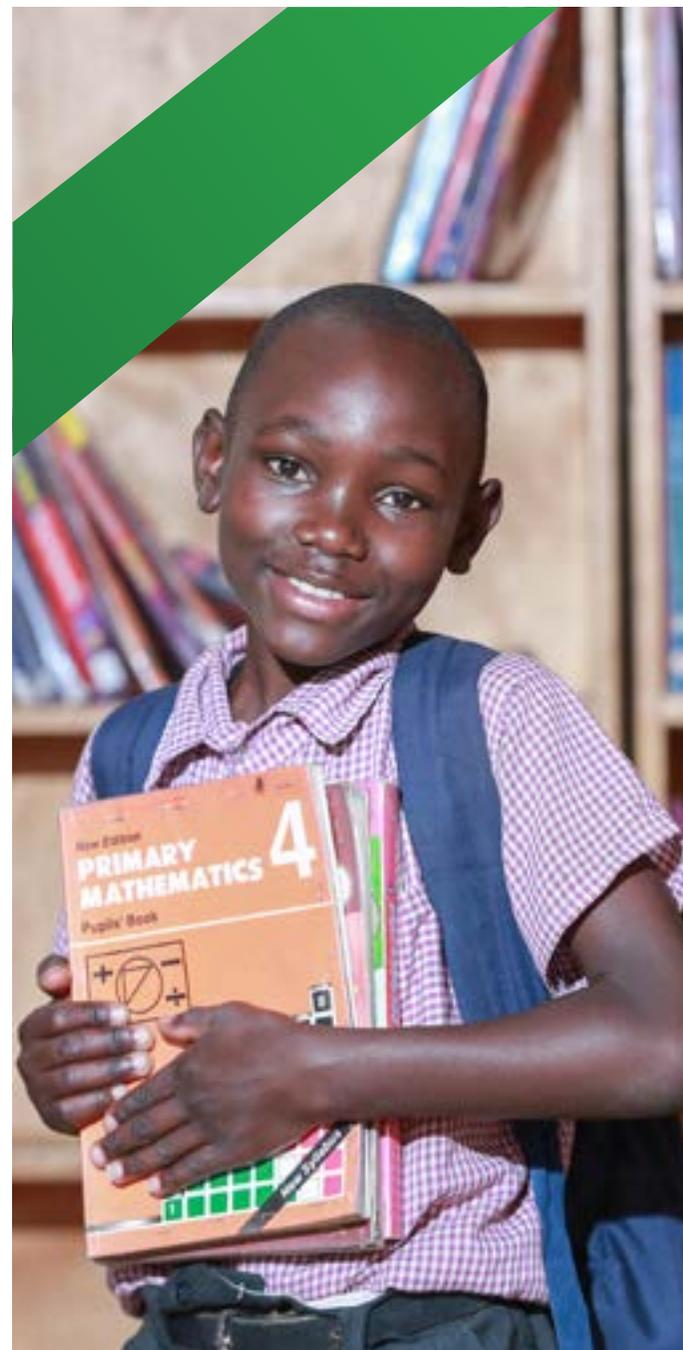
We worked with the Central Bank of Kenya to **double mobile money transaction and wallet limits** in order to facilitate digital payments and reduce usage of cash to better manage the spread of COVID-19.

We launched **Bonga for Good**, an initiative that allows customers

to use Bonga Points to pay for essential goods and services or to donate their Bonga Points to those in need. This is now a permanent service with customers being able to redeem their points at any Buy Goods till merchant countrywide. Monthly redemptions stand at 100 million redemptions on Bonga Popote and a total of KSh 473 million worth of inputs have been redeemed under Bonga for Good.



**Cash usage** was also **reduced** by enabling M-PESA payments for public service vehicles (matatus) and ferry services.





**MICHAEL JOSEPH**

Chairman and Non-Executive Director  
Safaricom PLC

“We are committed to building a resilient and world class network infrastructure that will support our country’s economic development.”

## MESSAGE FROM OUR CHAIRMAN

As the Chairman of the Board, it is my pleasure to present to you our 10th Sustainable Business Report. The past year has been one of far-reaching changes and extraordinary circumstances. Key among these changes was the retirement of our long-serving Board Chairman Nicholas Ng’ang’a in July 2020. Nicholas served on the Safaricom Board for 16 years, 13 of them as chairman. I would like to pay tribute to Nicholas for dedicated service during his tenure in which he steered the business not only in achieving tremendous success, but also through some of the most difficult times through his astute leadership. While at the helm of the Board he oversaw the growth of shareholders value by 607% and market capitalization to KSh 1.075 trillion which is worth 50% of all the listed firms on the NSE. The other key achievements include growing our network coverage to every corner of Kenya, growing our customer base from six million to over 35 million and keeping the business focussed on its purpose through the integration of the Sustainable Development Goals into our business strategy. We remain committed to sustainability and the United Nations Sustainable Development Goals. The Board and I thank him for his unwavering commitment to Safaricom and wish him well in his retirement.

The other major leadership transition that took place was Peter Ndegwa joining us as the CEO at the start of the 2021 financial year, just after the government had imposed COVID-19 restrictions. This was very challenging; given that he couldn’t meet many of his colleagues face to face. Despite this, the Board is very pleased with how quickly he settled into the role and in particular how he has steered the business in responding to the COVID-19 crisis. Most importantly, I’m proud of the work Peter and the team have done in refocusing our business to the needs of our customers through the Customer Obsession journey which has solidified our market leadership position and our market share which stands at 64%.

### STANDING WITH OUR STAKEHOLDERS DURING THE COVID-19 PANDEMIC

We started the financial year in April 2020 under government-imposed lockdown and we closed the financial year in yet another lockdown. During the year, the Board supported the management actions taken to ensure the wellbeing of our staff, customers, and other stakeholders. I am proud of the actions that Safaricom took, standing with the country and supporting the social distancing measures such

as working from home and the use of mobile money for payments, introduced by the government to curb the spread of the virus. I am particularly proud of the support we gave to cushion our customers from the economic impacts of the crisis by zero-rating Person to Person (P2P) M-PESA transactions under KSh 1 000 and setting up the 719 COVID-19 helpline to support Kenyans in understanding how to prevent and manage suspected cases. To keep our distribution channels running, we supported our dealers and agents through provision of personal protective equipment (PPE) and a credit facility to ensure they had sufficient capital to keep transacting. Through Safaricom and M-PESA Foundations we stood with our communities and our frontline health workers, as they led the efforts to manage the crisis, through supporting the most vulnerable in the society and donation of Personal Protective Equipment all worth over KSh 339 million. I would like to extend my gratitude to our staff who in their personal capacity donated over KSh 2 million and over 380,000 Bonga Points through the 6000 Strong for the Community Initiative. This donation went a long way to supplement the efforts of our two Foundations by providing food packs to the vulnerable families in the informal settlements.

Our main regulators – the Communications Authority of Kenya (CA) and the Central Bank of Kenya (CBK) have been very supportive of our efforts in supporting our customers navigate the crisis, and for this we are grateful. Through allocation of extra frequency by CA, we were able to meet the increased demand for data by our customers working and learning from home. A conducive regulatory environment is important for the growth of our business and the sector at large, especially considering the rapidly evolving technologies and needs of our customers and the society. We are committed to building a resilient and world class network infrastructure that will support our country’s economic development. This has been demonstrated by the sustained capex investment, targeting expansion of the data network coverage and capacity enhancements.

The disruption initiated by the pandemic has meant that we have had to focus on the future of our business and how we can positively impact our stakeholders. Take micro, small and medium enterprises (MSMEs) for example. They are the backbone of our economy and yet the COVID-19 pandemic really hit them hard. The Board, together with the CEO and the management team, have been working on strategies on how to position Safaricom to be future-fit by providing products and services that will help MSMEs and our other stakeholders rebuild.

## DELIVERING A RESILIENT SET OF RESULTS AMID CRISIS

While the pandemic has had serious adverse effects across the country, it has highlighted a key attribute in all of us: resilience. In April last year, we were anticipating an extremely difficult period ahead. However, despite the difficult circumstances, we found a way through adversity. We were pleased with the performance especially the recovery noted in the second half of the year. Our half year results showed a solid performance, with positive momentum leading to a recovery of service revenue. This provided an opportunity to give back to our shareholders and support them during the difficult economic times. Accordingly, we issued the first ever interim dividend at KSh 0.45 per share totalling KSh 18.029 billion.

At year end, in addition to the interim dividend, the Board declared a dividend of KSh 0.92 per ordinary share amounting to KSh 36.86 billion which was approved during the company's AGM.

“Our half year results showed a solid performance, with positive momentum leading to a recovery of service revenue. This provided an opportunity to give back to our shareholders and support them during the difficult economic times.”

## MARKING A MAJOR MILESTONE WITH THE LAUNCH OF 5G

We're proud to be the first operator in East Africa to launch 5G. With 5G, we aim to empower our customers with super-fast internet at work, at home and on the move, supplementing our growing fibre network. As Kenya's economy continues to digitalise, we hope that our 5G network will play a key role in the country's 4th Industrial Revolution, particularly in regard to the Internet of Things which has the power to transform education, health and manufacturing, among other things.

## A FUTURE-FIT SAFARICOM

In October 2020, we celebrated 20 years of our existence during which we have witnessed great success. This success is not guaranteed in future if we don't disrupt ourselves and transform our business into a future ready organisation. During the period under review, the Board approved a new strategic positioning that will move Safaricom from a telco business into a fully-fledged purpose-led technology company. This strategy will see us focus on new business areas such as agriculture, education, healthcare, next generation financial services, MSMEs and regional expansion amongst others.

The Board is committed to supporting the management to see through the successful implementation of this strategy,

We look forward to engaging with the relevant government functions to ensure awareness of this strategy and seek support in areas such as legislation, taxation, interpretation of laws, amongst others. The Board recognises the extent to which past actions, from across the different arms of government, have contributed to the growth and success of our organisation. Through our mutual commitment, we will continue investing in the success of this country.

As we go into the future, we are optimistic on the opportunities as the management implements the new strategy of being a purpose-led technology company aligned with our nine priority United Nations Sustainable Development Goals.

The Board will continue to work with the management to deliver value to our shareholders but most importantly, will work to ensure that Safaricom continues to transform the lives of our customers, employees, business partners and communities across Kenya as we connect them to the future and beyond.

## EXPANSION TO ETHIOPIA

Shortly after year end, we were delighted with the announcement that the consortium led by Safaricom had won the bid for a telecommunications operator licence in Ethiopia. I am pleased with the outcome of this process which is a culmination of many months of work in putting together the bid and building a winning consortium of partners. I would like to extend my gratitude to the management team involved in this and the members of the consortium for the support accorded in this venture.

## THANKS

The Board and I would like to extend our deep appreciation to the CEO, management, and all members of staff for their efforts and commitment during a challenging year in staying true to the purpose embedded in our DNA – that of transforming lives.



**Michael Joseph**

*Chairman and Non-Executive Director  
Safaricom PLC*



**PETER NDEGWA**

Chief Executive Officer  
Safaricom PLC

“I am proud of what we have been able to achieve and most importantly the critical role that we played in keeping the country connected during the pandemic.”

## MESSAGE FROM OUR CEO

Last financial year was an extremely challenging period. I joined Safaricom at an extraordinary time when the COVID-19 pandemic was at its peak and majority of our members of staff had transitioned to working from home. I am grateful for the warm welcome and support accorded to me by the Board and staff of Safaricom PLC as I settled into my role.

The COVID-19 pandemic altered the environment for all businesses and ours was no exception. In responding to the pandemic, we remained true to our purpose of Transforming Lives. I am pleased with the work we have done to support our stakeholders, especially our customers and communities, to navigate through this difficult period. I am proud of what we have been able to achieve and most importantly the critical role that we played in keeping the country connected during the pandemic and in delivering a sound return to our investors.

### KEEPING THE COUNTRY CONNECTED DURING THE PANDEMIC

The onset of the COVID-19 pandemic last year brought to the fore the importance of keeping humanity connected. The pandemic forced many Kenyans to work and learn remotely. I am incredibly proud of how we stepped up to meet the sudden spike in the demand for connectivity across the country. To accomplish this, we had to accelerate network roll out, connecting 94% of the population to 4G. We are grateful to our regulator for the support accorded to us and for the allocation of an extra 3G frequency to help us meet the demand for mobile internet. Through our fibre optic network, we supported our customers to transition to the new normal and sustain high levels of productivity despite being away from their workplaces.

The COVID-19 pandemic is far from over as evidenced by the recurrent waves of infection which have necessitated restriction measures such as lockdowns by the government in a bid to control the spread of the new variants. We remain committed to supporting our stakeholders to navigate through the pandemic. Businesses such as ours will continue to play an important role in the society through driving digital lifestyles and investing in solutions that address the most pressing societal needs.

The pandemic has also highlighted the wide gaps that exist in access to internet especially among low income households. Despite the high mobile penetration rate, only 40% of Kenyans own a smartphone device giving them access to high quality internet. Handset costs and data bundle pricing remain some of the key barriers to access. Addressing these barriers is part of our commitment to supporting the Sustainable Development Goals, in particular SDG 9 – Industry Innovation and Infrastructure. Last year in partnership with Google, we launched a device financing initiative called Lipa Mdogo Mdogo, which offers a flexible payment plan with an 85% reduction in the upfront cost. Through Lipa Mdogo Mdogo, customers pay an initial KShs 500 for a 4G smartphone followed by an affordable daily fee of as low as KShs 20. As at March 2021, 247 379 customers had upgraded to 4G enabled devices through this device financing initiative.

### SUPPORTING MSMEs

Last year I committed to spearhead the business into developing solutions to support the Micro, Small and Medium Enterprises (MSMEs). Small businesses are the lifeblood of our economy, yet they are the worst hit by the COVID-19 pandemic. It's therefore imperative for businesses like ours to support them to get back onto their feet as a strategy for building the resilience of our economy. We launched Pochi la Biashara which is a product that allows business owners such as: food vendors, small kiosk owners, boda-boda (motorcycle taxis) operators, second-hand clothes dealers among others to separate business funds from personal funds on their M-PESA wallet. We also recognize that small businesses face several challenges in managing the money received from their sales such as keeping track of their transactions, making payments to their suppliers and paying wages through M-PESA to their workers. To address these challenges, we launched the M-PESA Business Till which addresses these needs by providing a one stop solution for receiving and managing payments for small businesses.

This is just the beginning of our journey in becoming the platform partner of choice for SMEs and micro-SMEs. Later this financial year, we will unveil revamped products, offering connectivity solutions for this important segment of our enterprise business customers.

## TOWARDS A CUSTOMER OBSESSED AND DIGITAL FIRST ORGANISATION

Last year, we rolled out our new five-year strategy which spells out our vision of becoming a purpose-led technology company by 2025 and re-affirms our commitment to our purpose of transforming lives. One year later, we can proudly say that focus on our purpose and vision is leading to desirable results.

In order to bring our vision to life, our mission is to establish a customer obsessed, digital first organisation by the end of financial year 2022. Customer obsession is our main effort and we are working to ensure that we fix the pain points in our customer journeys, resolve customer issues at the first point of contact and ensure safety for our customers when transacting on M-PESA.

Our goal is to continue to deliver a wide range of products and services designed to present sustainable solutions to some of society's most pressing challenges through being a digital-first and insights-led organisation.

To support the achievement of our vision, we are evolving our organisation model towards becoming an agile organisation. We are changing our ways of working to ensure we are more agile in responding to the rapidly evolving needs of our customers. The Agile way of working will also ensure that our approach in developing products and solutions is in line with the needs of our customers. It will foster collaboration across the organisation, speed up decision making and bring us closer to our customers. I am pleased with the progress we have made so far, in transitioning the key product teams to the agile approach which is already having an impact in achieving collaboration and speed in responding to customer needs. We continue to integrate agile across the business.

Our people are the driving force behind the delivery of the strategy. To build a future fit workforce, we will continue to invest in building capabilities for our people especially on key digital skills such as machine learning, IoT, Artificial Intelligence and Fintech.

## BEYOND 20 YEARS

In October 2020, we marked our twentieth anniversary. Since inception, Safaricom has enjoyed tremendous success by leveraging the power of the mobile technology and innovation to transform lives. As we mark 20 years, I'm confident that we have embarked on the right strategy to pivot into the next twenty years and beyond.

Our new strategy is anchored on four pillars – strengthening the core, becoming a fully-fledged financial services provider, winning in select digital ecosystems and staying prudent in our cost management to be able to fund a sustainable growth into the future which includes new markets and areas of business. These pillars will ensure that we run a holistic technology business for the future.

These pillars will be enabled by five key strategic enablers including; people, Network and IT, partnerships, mergers and acquisitions and data and analytics. As we pursue new areas of growth, we will continue to solidify our market position through our traditional products such as voice and mobile data. Verticals such as agriculture, MSME focused opportunities and education amongst others will drive retention and continue to power our growth. We will also play a key role in driving healthcare inclusion and enabling smallholder farmers to become wealthier and commercially sustainable.

“Since inception, Safaricom has enjoyed tremendous success by leveraging the power of the mobile technology and innovation to transform lives.”

At the start of the year, in partnership with our parent company Vodacom, we acquired the M-PESA brand, product development and support services via the newly formed M-PESA Africa joint venture. Through this, we plan to scale the success we have achieved on mobile money and payments by going beyond our borders to the rest of Africa.

## ACCELERATING OUR SUPPORT FOR SDGS IN THE DECADE OF ACTION

The year 2020 marked the beginning of the Decade of Action which calls for reaffirmation of the global commitment through accelerated efforts and sustainable solutions to the world's biggest challenges. These range from eradicating poverty, reducing gender inequality and addressing climate change. Despite the progress made in the implementation of the Sustainable Development Goals, globally we are behind on most of the targets. The private sector and businesses like ours will need to step up our contribution and support to the SDGs, if we are to close the gap by 2030.

Mobile technology contributes to SDG 9 - Industry Innovation and Infrastructure, significantly both as a provider of critical infrastructure and as a catalyst for other sectors; by providing connectivity solutions and platforms which other businesses can leverage to scale their products and services. Moreover, the industry fosters the research and development of cutting-edge technology and services, enabled by the low latency and high bandwidths that technologies such as 5G provide.

We remain focused in our sustainability agenda covering key issues such as addressing our impact on the climate and building an inclusive business that not only meets the needs of our customers, but also reflects the diverse nature of our society.

Last year we made progress in some areas such as our target to grow 5 million trees in 5 years as part of our carbon offset program. I am pleased with the approach we have taken to streamline diversity targets across all functions in the business

to ensure we achieve gender parity at all levels by 2025. We continue to integrate our nine material SDGs which are directly linked to our business growth strategy. Adoption of the SDGs has enabled us to become a more sustainable company, creating meaningful impact for communities that we serve.

“Adoption of the SDGs has enabled us to become a more sustainable company, creating meaningful impact for communities that we serve.”

Last year we launched the Safaricom Sustainable Future Series which is a thought leadership platform that seeks to convene business leaders to discuss and identify solutions to the various sustainability challenges facing our society. The forum aims to identify ways of accelerating private sector’s contribution to the Sustainable Development Goals. Through this platform, we aim to inspire more business leaders to embark on the bold leadership needed to re-ignite the crucial private sector’s role in achieving the targets set under the 2030 Agenda.

## EXPANDING TO NEW TERRITORIES

At the start of FY21, we submitted a bid for a telecommunications operating licence in Ethiopia. In May 2021, Ethiopia Communications Authority announced that Global Partnership for Ethiopia which is a consortium led by Safaricom and comprised of Vodacom, Vodafone, Sumitomo and CDC had formally been granted one of the licences to offer telecommunications services in Ethiopia. We are excited at the growth prospects that this opportunity presents as this opens for us a new market with over 4 million SMEs and a population that is projected to hit 150 million by 2030. We hope that our entry into the Ethiopian market will usher in a new dawn of digital revolution

that will transform the lives of the Ethiopian people. We are currently focused on setting up operations and rolling out the network ahead of our commercial launch in 2022. I wish to thank the team that was actively involved in delivering this bid leading to the licence award, and the members of the consortium for their dedication and support in seeing this process through.

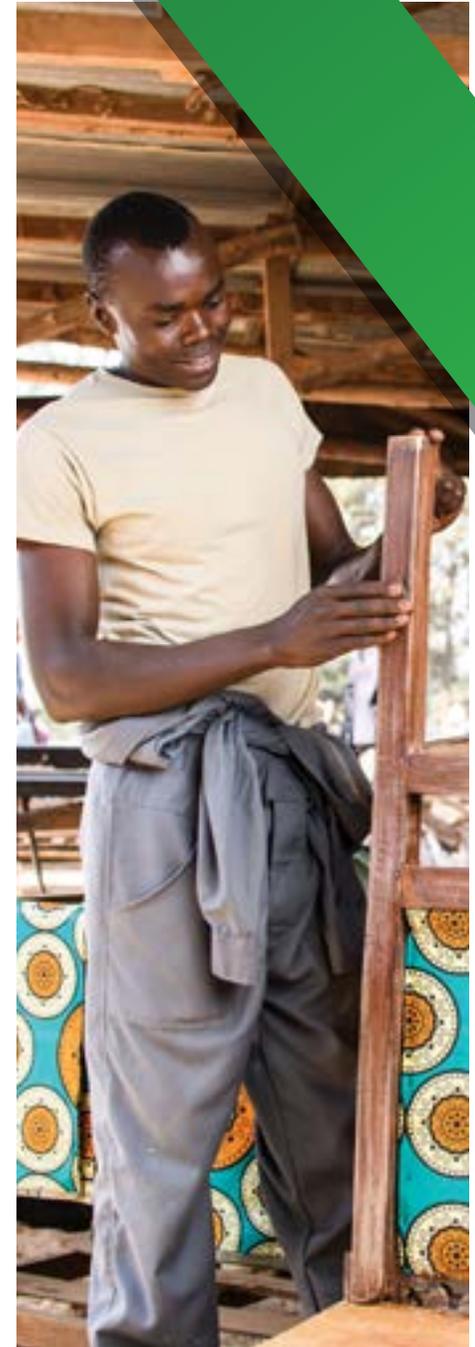
## STANDING TOGETHER, GOING BEYOND

In closing, I would like to thank my team who have each held their inch not only to deliver on our business objectives, but also in keeping the country connected during the difficult period occasioned by the COVID-19 pandemic. As articulated in the theme of this report “Standing Together: Going Beyond,” I am excited about what the future holds and what lies ahead in the coming days. Projections show strong signs of economic recovery as the government continues to source and provide vaccines for Kenyans; which will in turn ease restrictive measures. Businesses like ours, in the technology space, will play a key role in rebuilding through inclusive business models and partnerships that scale up innovations and enable digital lifestyles. I’m confident in the new strategic direction that we have taken. We are in a good position to pivot into the next phase of growth in becoming a purpose-led technology company.



**Peter Ndegwa**

Chief Executive Officer  
Safaricom PLC



# OUR CORPORATE STRATEGY

We rolled out our new corporate strategy in October 2020 which will unlock our next phase of growth and support our transition from a telco to a purpose-led technology company by 2025.

## UNPACKING THE TRANSFORMATIVE PILLARS OF OUR CORPORATE STRATEGY



**Strengthen the core:** To strengthen the core, we are expanding our existing data and voice product portfolio and managing the decline of traditional telco core revenue. We are also personalising offers for our customers and finding new use cases for existing products under voice and data.



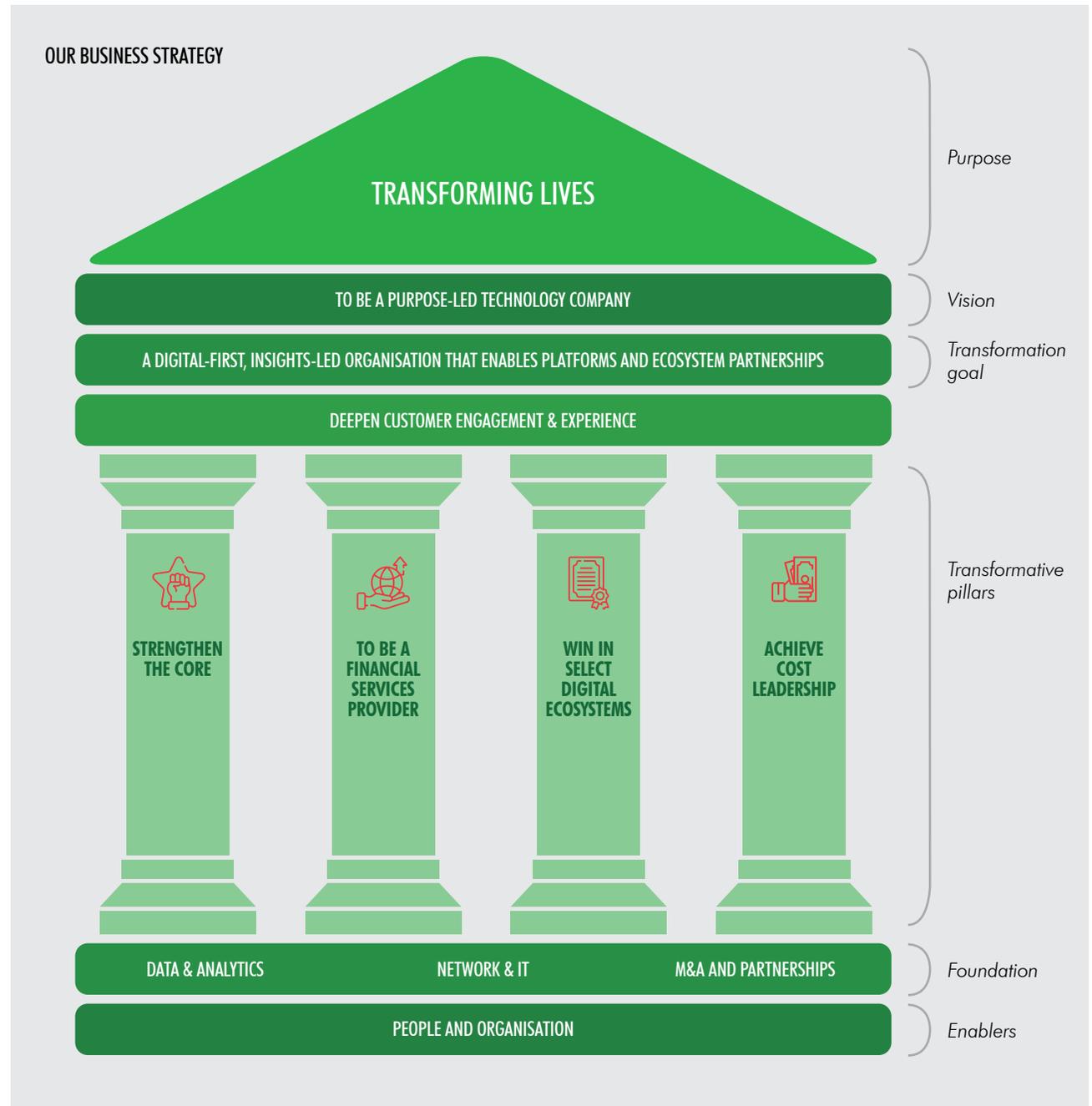
**To be a financial services provider:** Under this pillar our objective is to expand and digitise select areas such as health and agriculture. We are expanding M-PESA into a global payment platform, going beyond borders through M-PESA Africa and expanding into new areas under financial services such as wealth creation and insurance.



**Win in select digital ecosystems:** We will promote further socio-economic inclusion by expanding and digitising select areas including agriculture and healthcare.



**Achieve cost leadership:** We will drive economies of scale to offer our 39.9 million customers value for money across all products and services. We continue with our cost optimisation journey to fuel new growth areas through smart procurement, digitisation and operating model transformation.



# OUR BUSINESS MODEL

## INPUTS

The resources and relationships on which we rely



### Our network

- **5 526** network sites
- **10 080 kms** of fibre optic network across all 47 counties.



### Our people

- **4 456** permanent employees



### Our partnerships

- Business partners:
  - **839** suppliers,
  - **435** active dealers,
  - **247 869** M-PESA agents.
- Financial partners: Alipay, Paypal, Visa, Central Bank of Kenya and other financial institutions
- Technology partners: Amazon, Google
- 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

- Network coverage of the Kenyan population: **2G: 96%** **3G: 95%**, **4G: 94%**
- Closed at **4 300** fibre-ready buildings
- **28.3M customers** have access to financial services through M-PESA
- **204 234 residential homes** and **15 300 enterprise customers connected** to the fibre optic network
- **726 100** IoT connections

### Value for shareholders

- **KSh 1.71** earnings per share
- Paid an interim dividend of **KSh 0.45** per ordinary share amounting to **KShs 18.03 billion** and a final dividend of **KSh 0.92** per ordinary share amounting to **KSh 36.86 billion**

### TRUE VALUE for Kenyan society

- Impact on society: **9.7 x profit** of **KSh 68.7 billion**
- Contribution to **GDP 5.2%**
- Sustaining employment through wider economic impact: **1 003 669 jobs in FY21**

### Contribution to the SDGs



# OUR CONTRIBUTION TO THE UN SDGs

## OUR SUSTAINABLE BUSINESS STRATEGY

We commit to deliver connectivity and innovative products and services (SDG9) that provide unmatched solutions to meet the needs of Kenyans by enabling access (SDG10) through our technologies and partners (SDG17) and by exploring opportunities in Health (SDG3), Education (SDG4) and Energy (SDG7). We will do so by managing our operations responsibly (SDG12) and ethically (SDG16). This will stimulate growth and generate value (SDG8) for our company, society and economy.

Our Board is the key driver of our work to realise the vision of the UN SDGs. Accordingly, in 2016, the Board directed us to begin integrating the SDGs into our business strategy. 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 reports to the Board on progress and 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

Material Matter	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17
GOVERNANCE, BUSINESS ETHICS, AND RISK	Active																
REGULATORY ENVIRONMENT	Active																
OUR PLATFORMS	Active																
ENVIRONMENTAL STEWARDSHIP	Active																
INNOVATION AND PARTNERSHIPS	Active																

## OUR CONTRIBUTION TO THE SDGS

3

GOOD HEALTH  
AND WELL-BEING

**GOOD HEALTH AND WELLBEING: “ENSURE HEALTHY LIVES AND PROMOTE WELLBEING 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 1000 live births and under-5 mortality to at least as low as 25 per 1000 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

Leverage our mobile technologies and our Foundations to transform lives by improving access to quality and affordable health care services and by promoting wellbeing for all:

- Our award-winning M-Tiba product, in partnership with CarePay, is a health payments solution with an e-wallet, which enables the users to save towards healthcare expenses from as little as KSh 10. The product now has over 5 million users and 3 980 approved health facilities countrywide. Over KSh 1 billion have been paid out to date.
- Through maternal and child health programmes, the Safaricom and M-PESA Foundations are improving access to quality, affordable and accessible services for women and children. These programmes have impacted on over 367 341 lives across Kenya.

4

QUALITY  
EDUCATION

**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.

- Our unstructured service supplementary data (USSD) and SMS service Shupavu 291 enables students and teachers to take quizzes, search subjects to study and access Wikipedia summaries without an internet connection. The service currently has over 600 000 active subscribers and has so far been used by over 6 million learners since launch in 2016.
- Safaricom Foundation’s Accelerated Learning Programme has imparted basic literacy and numeracy skills to 6 966 learners in Turkana, Bungoma and Tana River Counties.
- The M-PESA Foundation Academy provides 200 economically disadvantaged students with access to a high-quality education through world class learning facilities, focused on building leadership and entrepreneurship skills. Over 230 000 learners have benefitted from projects funded by Safaricom Foundation under the Accelerated Learning Programme, as well as the construction and equipping of facilities with books and assistive devices.



**7 AFFORDABLE AND CLEAN ENERGY: “ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL.”**

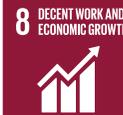
### KEY UN SDG TARGETS

- 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, together with leveraging technology to provide clean energy, including payment solutions.

- We have introduced science-based carbon reduction targets to help us plan our progress towards becoming a net zero carbon emitting company by the year 2050. In FY20 we registered our targets with the Science Based Targets Initiative.
- We have planted over 650 000 trees under our carbon offset tree growing initiative which is part of our commitment to grow 5 million trees in five years which we estimate will offset 26% of our emissions.
- We have transitioned 255 (5%) of our sites to renewable and hybrid energy sources – up from 217 (4%) in FY20, with 1 299 (23.5%) connected to the national grid so far.
- In partnership with M-Kopa Solar, we have provided access to solar energy to over 822 913 households with an impact on 3.3 million lives and over 1.7 tonnes (tCO<sub>2</sub>) in avoided emissions.
- We have partnered with Circle Gas to provide low income households in Nairobi access to clean, affordable, convenient and reliable cooking gas. To date 41 000 customers have enrolled, with over 1.4 million cooking sessions using M-Gas.



**8 DECENT WORK AND 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, excluding through a focus on high-value added and labour-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 1 003 669 jobs through our wider economic impact in FY21, including 247 869 M-PESA agents and over 435 dealers.
- Under the Safaricom Foundation Wezesha programme we have supported over 936 youth with digital jobs skills training and agribusiness through the Wezesha Agri programme.
- Over 14 000 active farmers are using the Digifarm integrated agriculture platform service end to end. This service, which helps agribusiness and smallholder farmers access credit, information and sell their farm produce, has seen over 228 416 farmers accessing learning content and over KSh 473 millions’ worth of inputs redeemed.



**INDUSTRY, INNOVATION AND 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 wellbeing, 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 to provide unmatched solutions to meet the needs of Kenyans.

- Our mobile network coverage – 96% of the population covered by 2G, 95% covered by 3G and 94% covered by 4G, with over 22 million Kenyans connected to the internet.
- We extended our fibre optic cable footprint to 10 080 kilometres and have so far connected 204 234 homes and 15 300 businesses to high speed internet. In addition, we have connected over 21 364 businesses through our 4G LTE.
- We have completed the construction of 43 of the allocated 48 sites under the Universal Service Fund, providing mobile connectivity to 204 181 people in underserved areas.
- Over 726 100 IoT connections in asset management, utilities and telematics, with use cases such as monitoring of beverage coolers.



**REDUCING 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 to everyone, especially to vulnerable groups, using Safaricom leadership, network, solutions and technology.

- Diverse and inclusive workforce: We have achieved a 50:50 gender balance of all employees, 34% of senior management and 23% of our Technology Division respectively comprise women. 2.6% of our staff are persons living with disabilities.
- Women in Business Initiative. We plan to increase the share of our procurement spend going to women owned businesses, currently standing at 2.3%, to 10%.
- We have partnered with Google and M-Kopa Solar to provide device financing whereby subscribers can acquire a smart device with daily instalments of KSh 20. To date over 470 000 customers have acquired high end smart devices through this financing.



**12 RESPONSIBLE CONSUMPTION AND 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.

- 87 500 pieces of disposable plastic tumblers removed as result of the company move to reusable water glasses in all customer reception areas. Over 200 000 single use plastics removed across the business.
- Through our Integrated Waste Management programme, we recycled 88% (75 tonnes) of waste collected from our administrative buildings in Nairobi and our switches in Athi River, Thika and Nairobi.
- 1430 tonnes of E-waste collected and recycled since the inception of our E-waste management programme.



**16 PEACE, JUSTICE AND 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.

- 97% of our suppliers have signed up to the Code of Ethics for Businesses in Kenya.
- 451 dealers and their staff, 1345 agents and 530 suppliers trained on Know Your Customer (KYC) requirements for registration of customers to combat money-laundering and other crimes associated with mobile money.
- 98.5% of staff taken through ethics and anti-corruption training.



**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

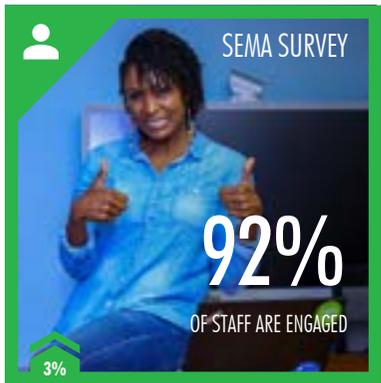
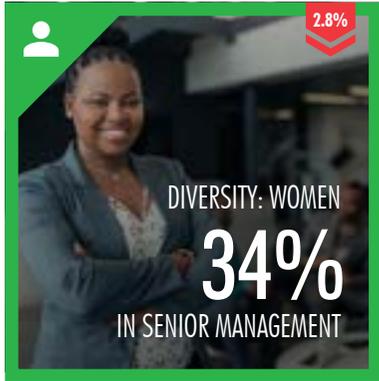
Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs.

- Partnership for acceleration of digital services aspiration through the cloud with Amazon Web Services.
- Partnership with Circle Gas to provide access to clean energy for low income households in Kenya.
- Joint venture with Vodacom in acquiring M-PESA brand to accelerate financial inclusion in Africa.
- Six portfolio companies to date with a close commercial partnership with Safaricom (Sandy, mSurvey, Eneza, Lynk, Farm Drive and iProcure).

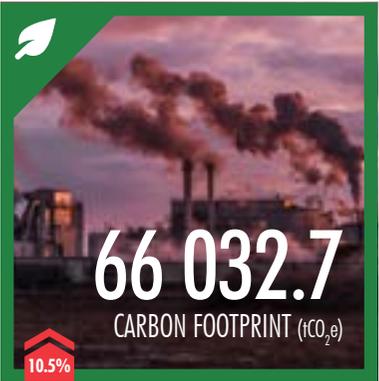
# FY21 IN REVIEW

This section covers our most significant areas of progress and challenge during the 2021 financial year (FY21). Any changes in performance have been stated using year-on-year comparison with FY20 performance.

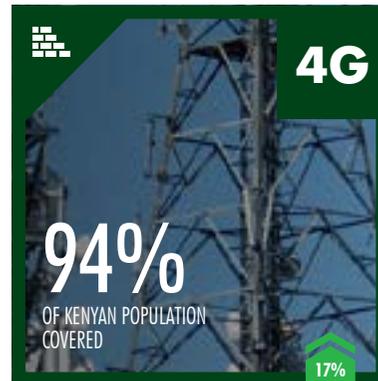
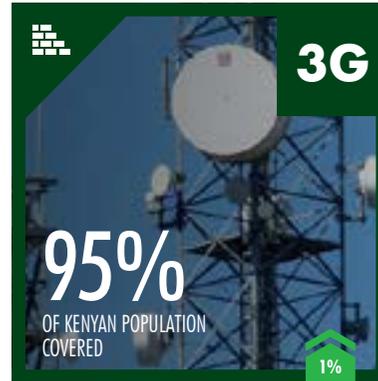
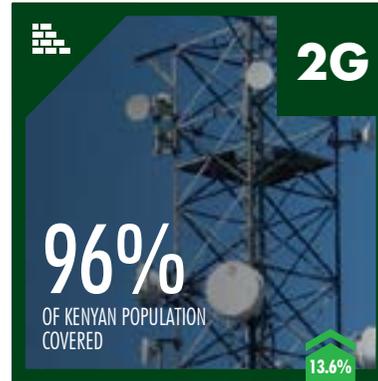
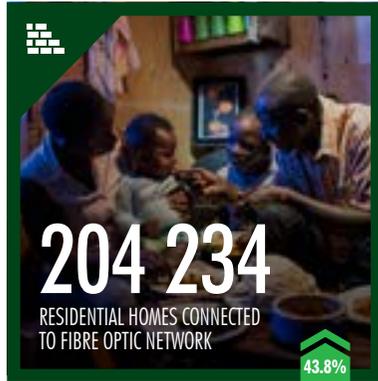
## OUR PEOPLE



## ENVIRONMENT



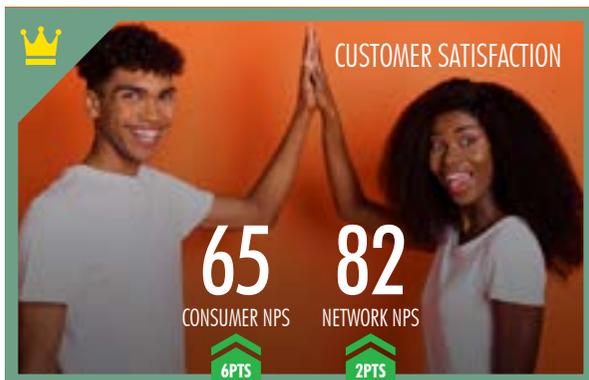
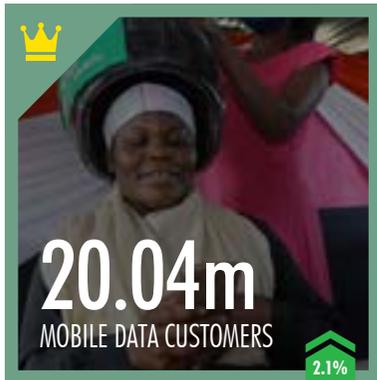
**INFRASTRUCTURE**



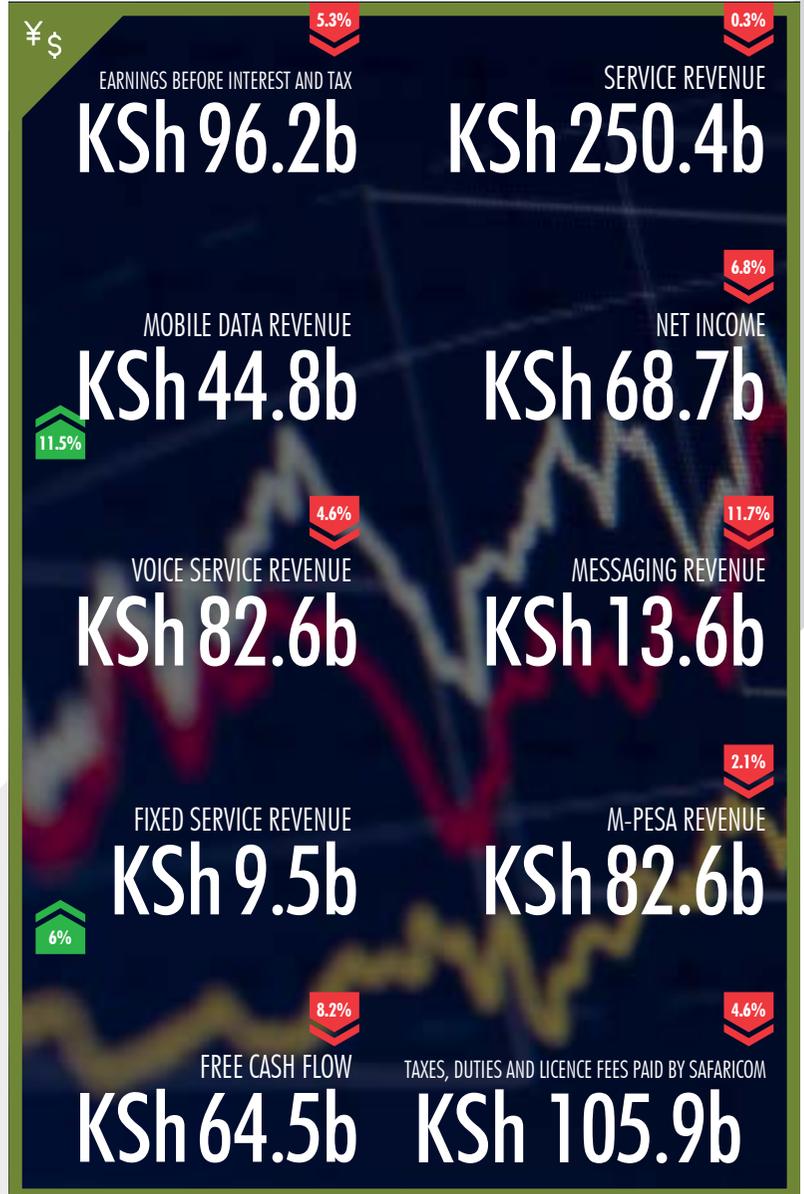
**ECONOMIC**



**OUR CUSTOMERS**



**FINANCIAL\***



\* (Please refer to Safaricom Annual Report or the FY21 results booklet on the company website for further details on financial performance.)

## TRUE VALUE ASSESSMENT

We continuously monitor and measure our contribution to Kenyan society. One of the ways in which we evaluate our role is by assessing the significant indirect value contribution we make to the economy, society and environment in Kenya. 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 in monetary terms. The following “True Earnings” bridge highlights our resilience as a business and strong fundamentals by showing that the total value we created for Kenyan society in FY21 was KSh 664 billion, approximately ten times greater than the financial profit we made during the year, and that we sustained over 190 273 direct and indirect jobs.

We remain committed to our purpose of transforming lives. Our latest True Value Report indicates that the true value to Kenyan society created by Safaricom (the cumulative outcome of the economic, social and environmental impacts highlighted on the True earnings bridge) increased by 1.5 per cent from FY20 to FY21, and we contributed a total of 5.2 per cent to the gross domestic product (GDP) of the country. As we embark on our journey to become a purpose-led technology company, we continue to leverage the power of mobile technology to deliver shared value propositions that disrupt inefficiencies and impact lives positively in the health, agriculture and education sectors.

The following is an independent analysis of Safaricom’s True Earnings by KPMG.

### 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:** The first step of the True Value methodology, which quantifies and monetises the material externalities of a company.

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

**Induced economic impact:** Operational and capital expenditure by Safaricom creates additional employment and also benefits the employees of our suppliers. A share of the additional income generated in this way is spent on the consumption of goods and services, which, through linkages and multiplier effects, positively impacts the broader economy by stimulating additional demand for the products and services produced within that economy.

### TRUE VALUE: IMPACT ON SOCIETY

The True Value assessment calculates that Safaricom sustained over 190 273 direct and indirect jobs during the year and, if the wider effects on the economy are included, this number increases to over 1 003 669 jobs.

#### Impact on society

9.7 x profit (profit of KSh 68.7 billion generated)

Total True Earnings (↑1.5%)

#### Economic value added through operations

KSh 362 billion (↑1.0%)

#### Social value M-PESA

KSh 242.4 billion (↑3.5%)

#### Environmental externalities

KSh 418.97 million (↑3.1%)

### HOW WE ARRIVE AT THESE NUMBERS



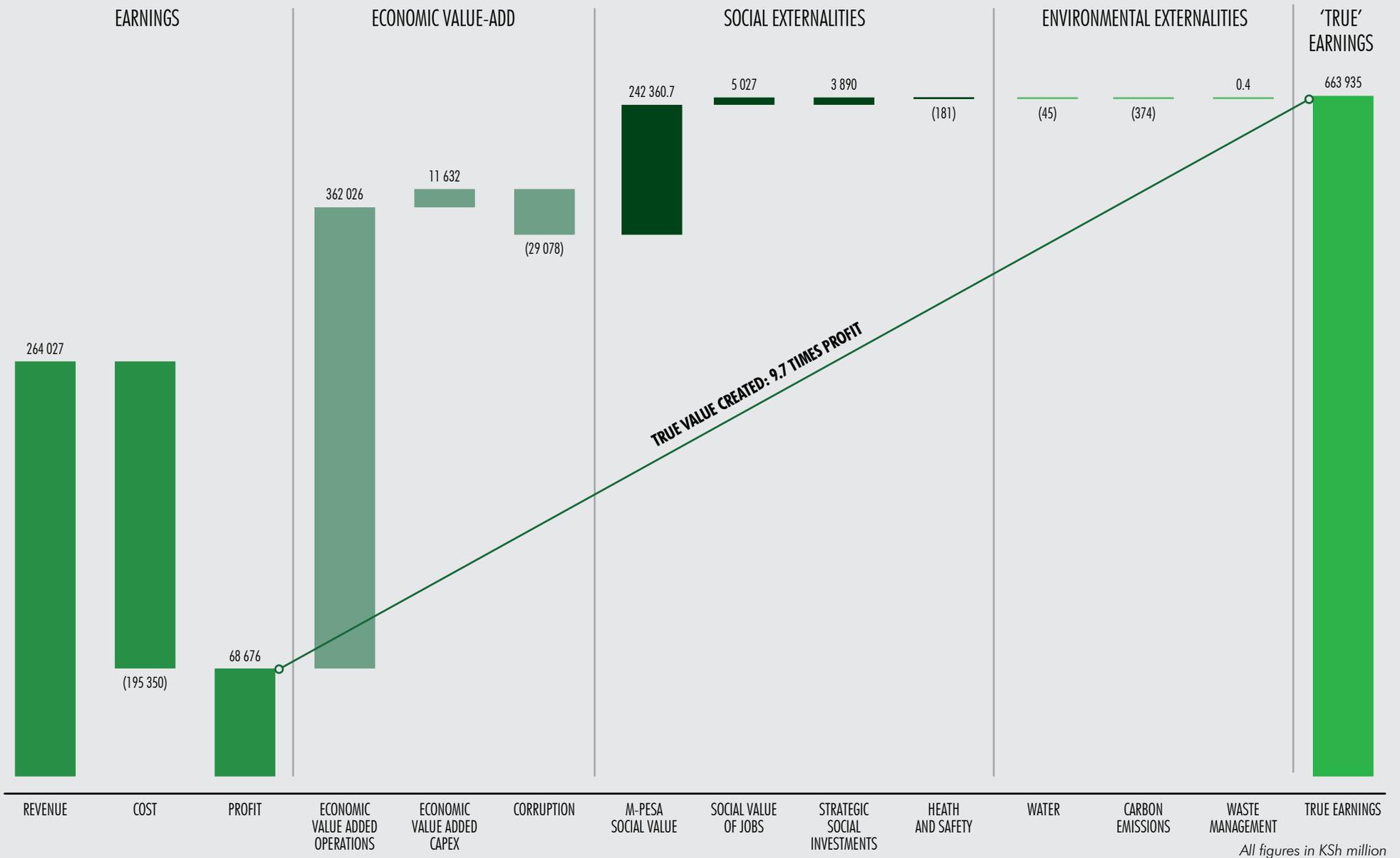
KPMG first performed a “True Earnings” exercise for Safaricom in 2015 to identify the most material socioeconomic and environmental impacts of Safaricom and to quantify them in financial terms. During that year, Step 1 of the True Value methodology was carried out to estimate the True Earnings of Safaricom for the year in question. Primary research enabled us to complete this exercise and to ascertain the social value created by M-PESA, in particular. To quantify this social value, principles from the Social Return on Investment (SROI) methodology were used. SROI is an open-source, principles-based method used to account for social change.

More detail regarding the 2014/15 True Earnings exercise can be accessed at: <https://home.kpmg.com/content/dam/kpmg/pdf/2016/07/case-study-safaricom-limited.pdf>

Since 2014/15, Safaricom has used True Earnings as a way of understanding and expressing the value that the company creates for society. As the operating context and product offering have changed over time, various assumptions and adjustments that are utilised for the assessment needed to be updated to reflect these changes. In 2020/21, the primary research was reperformed to ensure that our assessment incorporates the impacts experienced by Kenyan society most accurately. 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 the operating context and the evolution of the Safaricom product offerings.

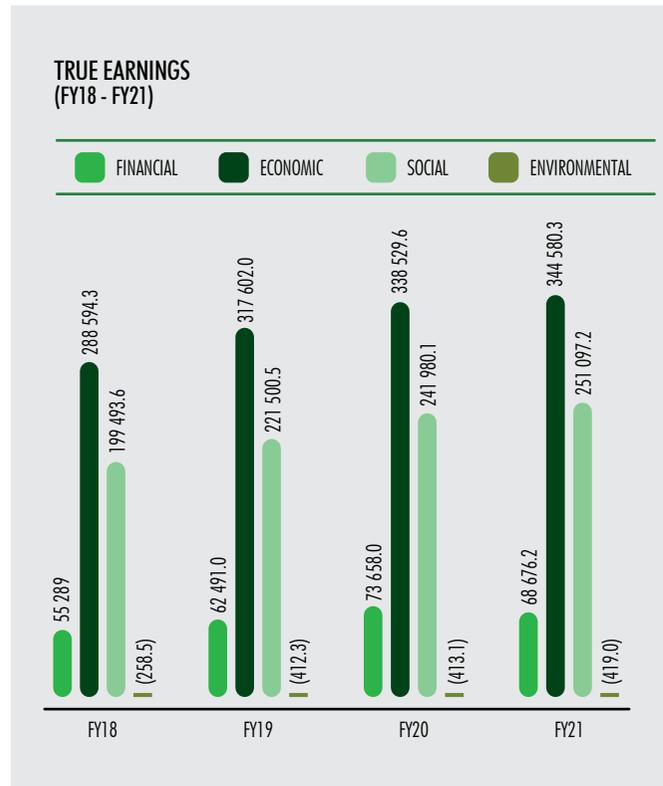
# TRUE VALUE ASSESSMENT



All figures in KSh million

## THE FY21 TRUE EARNINGS BRIDGE

The economic impact made through Safaricom operations is the greatest contributor to the value we create. This has increased by 2% since FY20. The value created through operational expenditure increased marginally (1%) in the year under review, while the value created by capital expenditure decreased by 2%. This was anticipated as the overall capital expenditure for FY21 had decreased by 3%.



This chart demonstrates how all factors have contributed towards the “True Earnings” of Safaricom for this period. Most noteworthy was the growing contribution from social externalities, particularly through the social value created by M-PESA as the product grew and evolved.

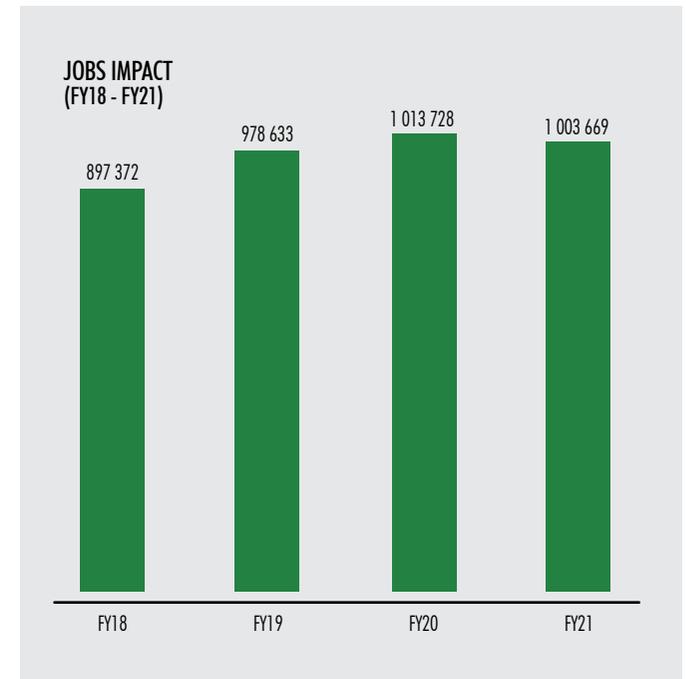
Throughout the period, the greatest contribution to “True Earnings” came from the economic value created through Safaricom’s operations and capital projects, whereas the negative environmental externalities, though recognised as a material topic, continue to have minimal impact.

The economic impact of the estimated KSh 264 billion in annual revenue generated from Safaricom’s operations resulted in an estimated KSh 557.1 billion contribution to Gross Domestic Product (GDP). This GDP impact can be separated into a direct impact of KSh 155.7 billion, an indirect impact of KSh 100.3 billion and an induced impact of KSh 300.9 billion.

The total economic impact of the KSh 34.96 billion capital expenditure in Safaricom resulted in a total estimated GDP contribution of KSh 19.96 billion. This GDP impact can be separated into a direct impact of KSh 8.4 billion, an indirect impact of KSh 3.2 billion and an induced impact of KSh 8.3 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 as a result of corruption that takes place in the Kenyan economy. It is important to note that this is not directly connected to Safaricom’s activities, but rather acknowledges the unfortunate reality that not all of this value is retained.

The graph on the right 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 on employment in the economy. The positive social impact associated with the direct and indirect jobs sustained as a result of the existence of Safaricom has been included in the True Earnings bridge.



The social value of M-PESA remains a significant creator of value for Kenyan society, increasing by 3.5% in FY21. The major drivers of this growth were the increase in the numbers of customers, agents and merchants, the increase in the average number of transactions per customer, as well as the increase in the average value of transactions made per customer.

The greatest value continues to be felt by customers, who benefit from their improved ability to manage and save money together with lower transaction costs and reduced levels of theft, and the wellbeing that comes with access to goods, services and opportunities, and increased safety as well as security.

There were three recorded third-party fatalities in FY21, and a 36% year-on-year decrease in the number of lost-time injuries. Our thoughts and condolences go out to the grieving family and friends.

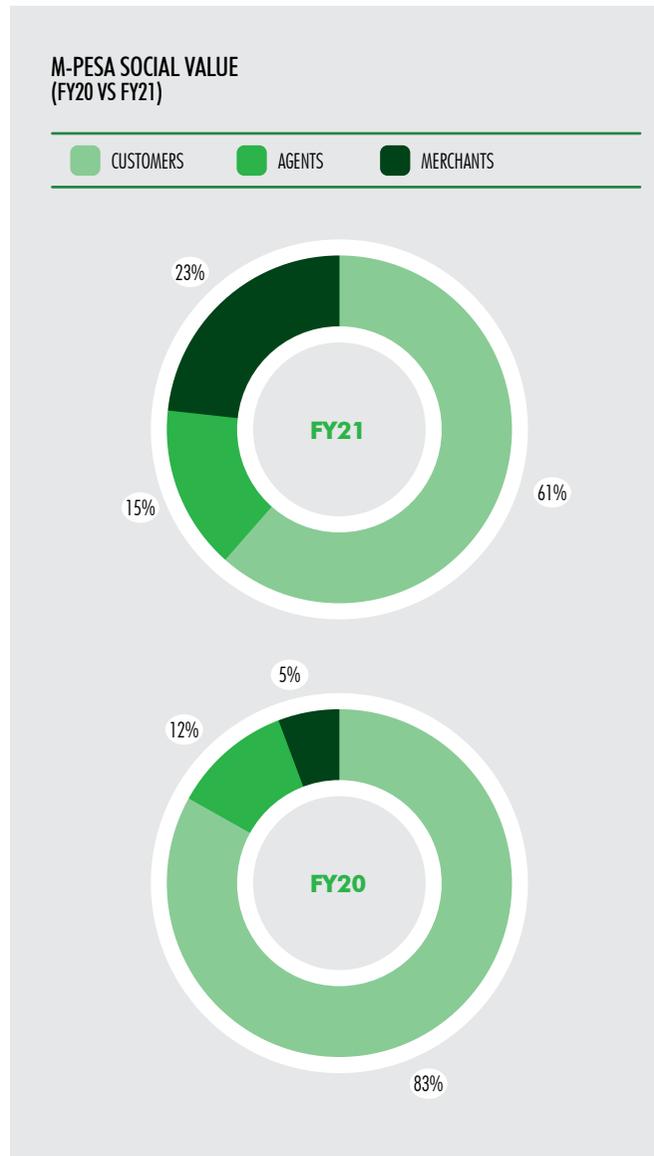
It is also worth noting that the increase in spend by the Safaricom and M-PESA Foundations increased the value created through strategic social investments during the year.

The overall negative environmental impact on the Safaricom True Earnings increased by 3% from FY20. The primary driver of the increase was a 13% increase in the social value of carbon emissions. Carbon emissions increased by 10.5% YoY and there was an increase in the Social Cost of Carbon which ultimately increased the total value of carbon emissions in the True Value model, offsetting the positive impact of the decrease in the water consumption.

All financial information can be found in the 2021 Annual Financial Report, including taxes paid by Safaricom and actual direct employment. Both capital and operational expenditure have been processed via the Kenyan national economic impact assessment model, set up to accept the economic structure of the communication industry according to the Kenyan Social Accounting Matrix (SAM).

### WHAT WE FOUND FROM OUR FY21 M-PESA SOCIAL VALUE UPDATE

Based on the KPMG True Value Bridge a total of KSh 242 billion of social value has been created through M-PESA. This is the social value created for our agents, merchants and customers in monetary terms. These three stakeholders have been identified as key, given that they receive the most material social value from M-PESA. On this basis, we re-performed the primary research for these stakeholder groups in order to update the impact maps for the Social Return on Investment assessment which is the methodology used to quantify and evaluate the social value for M-PESA.



Based on the FY21 True Value assessment of social value created through M-PESA, it can be noted that customers (61%) continue to experience the most social value, followed by merchants (23%) and agents (15%).

In comparison to FY20, although most of the value is still attributed to customers, the proportion of social value created for customers has decreased from 83% to 61%. Furthermore, the proportion of merchant value has increased from 5% to 23% and the proportion of value for agents has increased from 12% to 15%.

The reasons for these shifts in the proportions is explained for each stakeholder below.

### SOCIAL VALUE CREATED FOR CUSTOMERS

#### M-PESA, TRANSFORMING LIVES

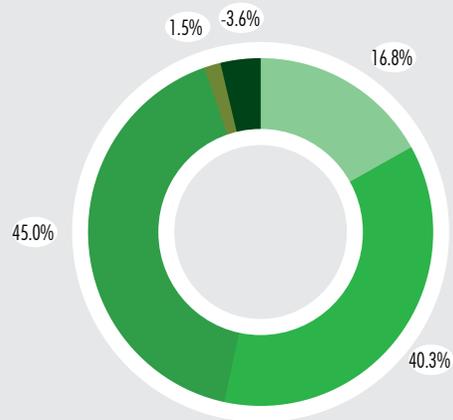
Although M-PESA was designed as a commercial product, it is clear that the impact of the product on segments of Kenyan society is significant. This is largely due to the way in which M-PESA has been able to identify, respond to and meet customer needs that are not traditionally fulfilled by telcos. The continuous adaptation of the platform highlights Safaricom’s customer centric approach whereby the business is aware of the realities of their consumers as they continuously innovate to develop / enhance products and services to make their lives easier.

Customers have consistently derived the most social value from the platform. The social value for merchants and agents has increased over time but the social value created for customers decreased in FY21. These changes have occurred as a result of updates to certain assumptions and proxies when the primary research was re-performed in the current period.

The pie chart on the following page illustrates the most significant impacts experienced by customers that are attributable to M-PESA. The increases in personal savings as a result of time and cost savings as well as increased receipt of money and its control create the most social value for customers. In addition, improved personal wellbeing as a result of being able to access credit to purchase personal items creates additional social value. It is important to highlight that the methodology also considers negative impacts.

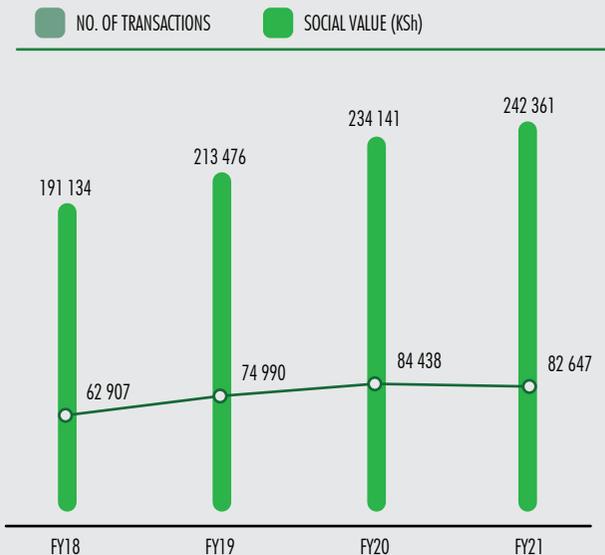
The “other” category includes a number of less significant positive and negative impacts such as: improved personal wellbeing due to feelings of safety associated with carrying less cash; increased personal savings due to less money being lost to fraud and theft and interest earned through savings; reduced wellbeing due to less socialising and irresponsible borrowing and decreased financial net worth due to the interest and penalty payments associated with loans.

### SOCIAL VALUE CREATED FOR CUSTOMERS



- INCREASE IN PERSONAL SAVINGS DUE TO TIME SAVINGS WHEN USING M-PESA TO TRANSACT
- INCREASE IN PERSONAL SAVINGS DUE TO COST SAVINGS WHEN USING M-PESA TO TRANSACT
- INCREASE IN PERSONAL SAVING DUE TO INCREASED RECEIPT OF MONEY AND ITS CONTROL AS WELL AS FINANCIAL RESILIENCE
- IMPROVED PERSONAL WELLBEING DUE TO ABILITY TO PURCHASE PERSONAL ITEMS (ACCESS TO CREDIT THROUGH M-PESA)
- OTHER IMPACTS

### SOCIAL VALUE VS. M-PESA REVENUE (MILLIONS)

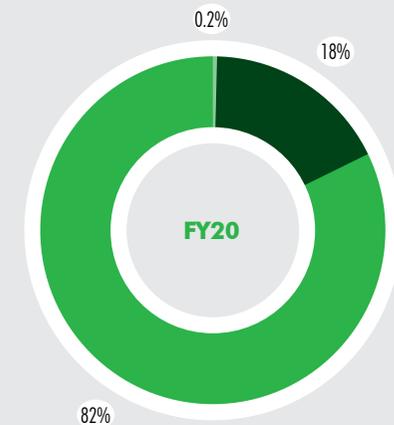
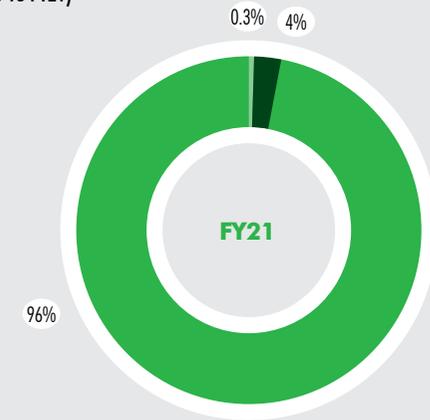


Safaricom continuously seeks to create value for both shareholders and broader Kenyan society, demonstrating a strong commitment to ensuring shared value for all stakeholders.

The graph above depicts that the social value created through M-PESA surpasses the revenue it generates for Safaricom year-on-year. The total social value created through M-PESA in FY21 was almost three times the revenue earned. Importantly, for most of FY21, there were no fees charged for M-PESA transactions up to the value of KSh 1,000 which ultimately had a negative impact on revenue but created additional value for customers during the period.

### SOCIAL VALUE CREATED FOR AGENTS

#### SOCIAL VALUE CREATED FOR AGENTS (FY20 VS FY21)



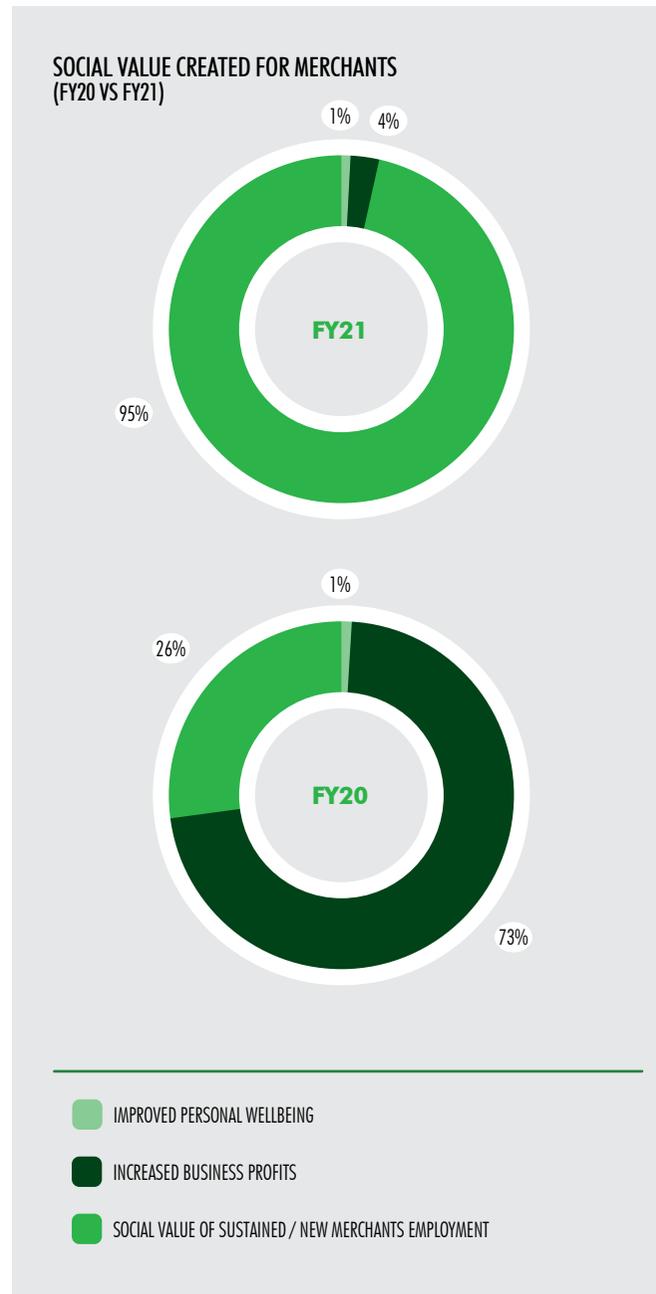
- IMPROVED PERSONAL WELLBEING
- INCREASED BUSINESS PROFITS
- SOCIAL VALUE OF SUSTAINED / NEW AGENT EMPLOYMENT

M-PESA provides agents with the ability to increase their personal income and therefore improve their livelihoods as well as that of their employees. From FY20 to FY21 the value created for agents increased by 31% and this is largely attributable to the almost equal increase in the number of M-PESA agent outlets.

The True Value Assessment has identified that the most material social value created for agents by M-PESA is the social value created through increased and sustained employment of employees in agent outlets (96%). The COVID-19 pandemic has played a significant role in negatively impacting societies ability to maintain their livelihoods and financial earnings. However, with the growth of M-PESA Agents and the increased use of M-PESA in Kenya, this assessment identified that the social value of sustained and increased employment created through M-PESA agents is KSh 47.4 billion.

The proportion of social value created through increased business profits for agents amounts to 4% of the total value created. This is a decrease from FY20 (18%) which is attributable to a shift in the financial proxy used for the assessment based on the primary research performed in the current period. In addition, the primary research performed in FY21 resulted in a number of shifts in the assessment of improved personal wellbeing of agents which considers both levels of stress and feelings of safety. These shifts ultimately resulted in an increase in the proportion of the total social value created by this indicator to 3%.

## SOCIAL VALUE CREATED FOR MERCHANTS



The use of M-PESA by merchants increased by 104% from FY20 to FY21. With this significant increase in merchants using M-PESA and a shift in the financial proxy used in the calculation (based on primary research), the value created through increased and sustained employment increased to KSh 72 billion which resulted in the proportion of value created through this indicator increasing from 26% in FY20 to 95% in FY21.

Previously, the most significant social value created by M-PESA for merchants was related to an increase in business profits. With reference to the primary research performed, the average business profits have decreased over time (especially during COVID-19) which impacted total value. In addition, the proportion of profits attributable to M-PESA has decreased from 30% to 21% based on feedback from the merchants.

As M-PESA allows for electronic transactions between merchants and their customers, there is an increase in the sense of safety felt by merchants due to less cash being used to transact. This has been identified as one of the key drivers in improved personal wellbeing. In FY21, the social value of improved personal wellbeing experienced by merchants (due to increased feelings of safety and reduced levels of stress) was equal to KSh 346 million, almost three times more than in previous periods.

# MATERIAL TOPICS



## IN THIS SECTION

Governance, business ethics and risk	34/
Our regulatory environment	39/
Our platforms	42/
Environmental stewardship	50/
Innovation and partnerships	56/

Our material topics are the most important environmental, social, economic and governance imperatives and opportunities for our organisation and our stakeholders. This section describes each of 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 Goals to which we have aligned our efforts in each chapter.

Due to the significant changes in the operating landscape, shifts in our strategy and the impact of the COVID-19 pandemic, in 2021 we conducted a refreshed materiality assessment. The purpose was to determine whether our material topics still address the needs of our various stakeholder groups.

With the assistance of an independent party, a desktop benchmarking exercise was conducted to understand and compare the material issues reported on by other telecommunications and financial services businesses. Interviews were also conducted with internal and external stakeholders to understand more fully the challenges and opportunities they see in the changed operating landscape, as well as the sustainability risks and focus areas they deem to be significant to Safaricom, especially in relation to their area of interest.

Through this assessment, we concluded that the sustainability material topics we have been covering are still the most important environmental, social, economic and governance imperatives and opportunities for our organisation and our stakeholders. However, we have made some changes:

- We have upweighted discussion on cyber security and data privacy due to the significance of these risks under Governance, Business Ethics and Risk.
- We have amended the section previously entitled 'Our Networks' to 'Our Platforms' in order to incorporate the perspective of the customer and better reflect that we are more than just a network and to also reflect our transition from a telco to a technology company.
- The title of the Innovation section has been amended to 'Innovation and Partnerships' in line with our new strategy which includes partnerships and mergers and acquisitions as the focus areas for future innovations.



# GOVERNANCE, BUSINESS ETHICS AND RISK



By helping to build effective, accountable and inclusive institutions at all levels (SDG16), through partnerships within the wider business community (SDG17), we are enabling sustained, inclusive economic growth (SDG8). This, in turn, is driving progress, creating decent jobs for all and improving living standards.

## OUR HIGHLIGHTS

- Ongoing leveraging of machine learning and cyber threat intelligence.
- Robust cyber security programme in place.
- Establishment of specialised fraud management squads.
- Development of an in-house solution to detect and respond to fraud impacting financial institution partners interacting with M-PESA.
- Quarterly fraud forums for financial institutions were attended by 233 participants.

Please refer to the 'Our Governance' section of the 2021 Safaricom Annual Report at <https://www.safaricom.co.ke/investor-relation/financials/reports/annual-reports> for more information regarding our governance structures and reporting processes.

## REINFORCING OUR RESPONSIBILITY TO KENYAN SOCIETY

Good corporate governance practices are essential to the delivery of long-term, sustainable stakeholder and shareholder value. The ability to generate long-term value is based on good corporate governance which helps to regulate risk.

Implementing strong governance structures including a governance code, an ethical culture and a robust risk management framework are foremost in our minds as a responsible corporate citizen. Our focused adherence to governance and ethics underpins our risk management framework.

We also work beyond our own business to stand together with society and drive behavioural change through effective collective action initiatives. As examples, our business partners are included in ethics training. We also play an active role in collaborative advocacy action that promotes ethics and integrity through quarterly fraud forums for financial institutions. In FY21 these forums were attended by 233 participants.

Our priorities in terms of governance, business ethics and risk in FY21 were as follows:

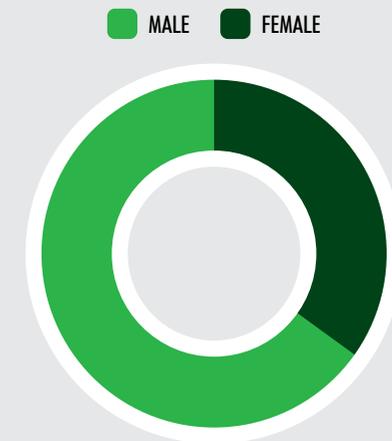
- Further embedding a positive risk culture across our organisation
- Customer obsession
- Data privacy and protection
- Cyber security
- Crisis management
- A coordinated COVID-19 response (described on pages 8-10 of this report).

## OUR GOVERNANCE STRUCTURE

The cornerstones of our governance structure are the Governance Charter and our Board of Directors who are accountable to all stakeholders. To monitor adherence to governance procedures, members of our Board meet a least four times a year and undertake collective and individual performance assessments at least once annually.

### BOARD COMPOSITION

The Safaricom Board comprises 11 Board members reflecting a 35% female and 65% male split:



EXECUTIVE DIRECTOR / CEO



COMPANY SECRETARY



NON-EXECUTIVE DIRECTORS



## EMBEDDING A POSITIVE RISK CULTURE

The environment in which we operate is dynamic and the nature of the products and services we provide, particularly mobile money, requires that we comply with a wide range of laws and regulations. Our risk identification and mitigation processes have been designed to pro-actively respond to our ever-changing operating environment. We classify our risks into two categories; strategic (regulatory, economic, market and political) and operational (data privacy and cyber threats).

Our framework is a blend of both the ISO 31000 Risk Management Standard and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) framework. We have integrated COSO control activities into the ISO 31000 Risk Management Standard in order to have a blend of both and embed a positive risk culture across the organisation.

This integrated Governance Risk and Compliance (GRC) system has the advantage of enhanced reporting with a central repository for all our risks and controls.

During the year we also conducted Enterprise Risk Management training for our Board and increased the scope of our business continuity tests. The constitution of a Risk Management committee has improved oversight risk management initiatives by ensuring our top risks are well-articulated and quantified. We have also successfully implemented the ISO 45001 Occupational and Health & Safety Management System Standard which is risk based and demonstrates that we have implemented a framework and processes for safeguarding the health and safety of our stakeholders. In a significant step forward on our road to becoming a net zero carbon emitting company by 2050, we were certified to the ISO 50001 energy management standard.

## PROMOTING A STRONG INTERNAL ETHICAL CULTURE

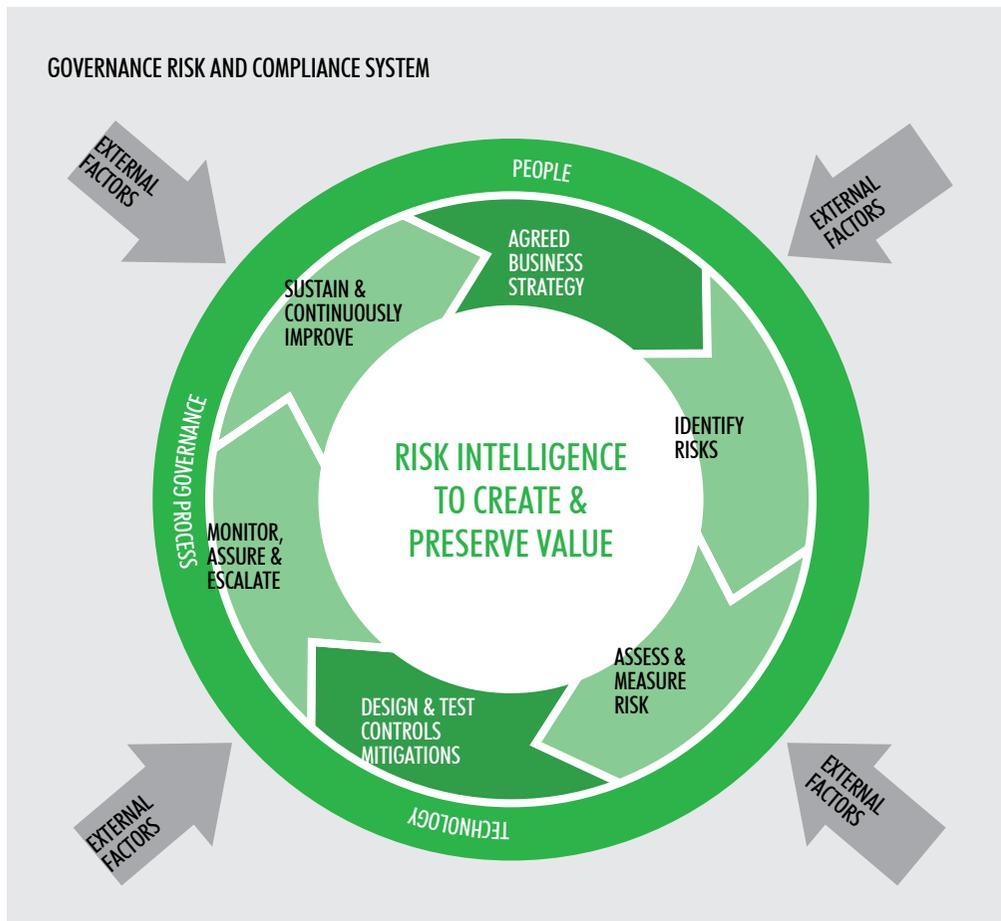
A strong ethical culture creates awareness and understanding of the negative impacts of noncompliance, enhances trust and creates a sense of accountability and transparency. We promote ethics through ongoing ethics awareness and employee anti-corruption training programmes, the effectiveness of which are monitored by an independent ethics perception survey. Despite the challenges of COVID-19, we implemented changes in content and maintained high levels of engagement in our internal ethics training across all departments, seeing a slight improvement in our target.

In FY21, emphasis was on due care, focusing on department-specific processes and the associated risks and the individual responsibility in ensuring adherence to the prescribed business procedures. On policies, there was emphasis on data privacy given the regulatory requirements for adherence to data privacy. We achieved the higher coverage through online channels including webinars and e-learning.

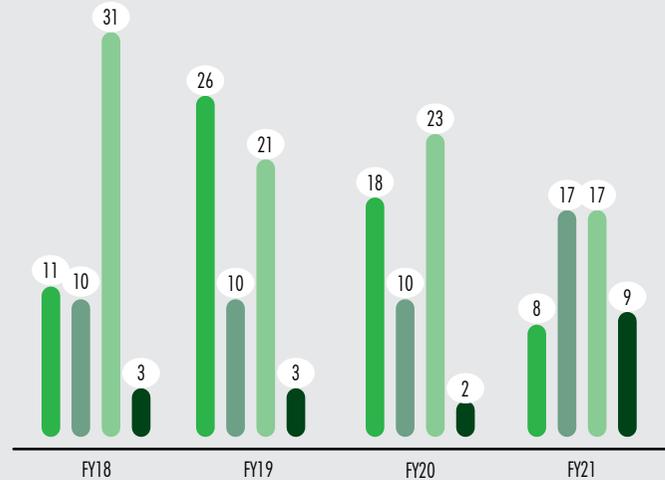
Fraud within our Customer Obsession strategy encompasses pillars such as customer awareness, technical controls and processes where gaps may be exploited to defraud customers. In the year under review, our approach to risk assessments changed to divisional level and enhanced fraud monitoring squads led to increased awareness.

### ETHICS AND ANTI-CORRUPTION STAFF TRAINING

	FY18	FY19	FY20	FY21
% of total staff	98%	96%	98%	98.5%



### ANTI-CORRUPTION MONITORING MEASURES (AS AT YEAR END)



#### RISK ASSESSMENTS

Comprehensive evaluations of 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.

### TYPES OF CASES INVESTIGATED

	FY20	FY21
Asset misappropriation	9	2
Breach of policy/procedure	3	8
Conflict of interest	9	0
Data privacy	3	22
Neglect of duties	5	0
SIM swap	6	4
Grand total	35	36

### COMBATTING FRAUD

We have established fraud management squads specialising in analytics, customer awareness and process reviews to drive customer safety through the accelerated use of machine learning and automations, continuous customer fraud awareness and process reviews. The squads have completed three key initiatives:

- Targeting irregular subscriber registrations
- Focused awareness to customers
- A review of the processes followed by SIM selling outlets.

### OUTCOMES OF CASES INVESTIGATED (AS AT YEAR END)



### FRAUD CASES INVESTIGATED



\* The number of fraud cases investigated differs from the total of the various outcomes of cases investigated as 4 staff members resigned before the investigations were concluded.

## TRAINING OUR BUSINESS PARTNERS ON ETHICS

Business partner ethics training is equally as important as internal ethics training. To raise awareness, we conduct ethics training sessions, together with fraud training, for our suppliers, M-PESA agents and dealers. These training sessions are supplemented by ethics-related bulletins. Topics covered included risk management best practices, anti-money laundering, regulatory requirements, common fraud types and how to avoid them, whistleblowing and suspicious activity reporting, cyber and information security and physical security for businesses.

The significant drop in agent training is attributable to the fact that training sessions in FY21 were zoom sessions that only covered agent principals and did not include agent assistants as in previous years. Due to COVID-19 restrictions we did not hold training sessions for agent assistants, however, we did promote agent assistant awareness of fraud via SMS to all tills.

### BUSINESS PARTNER KYC AND ETHICS TRAINING IN FY21

Business partner category	FY18	FY19	FY20	FY21
Suppliers	57	248	286	530
Dealers	10	282 (64%)	309 (75%)	451
M-PESA Agents	43	61 567	63 812	1 345
No. of awareness broadcasts covering all M-PESA agents	3	37	32	50

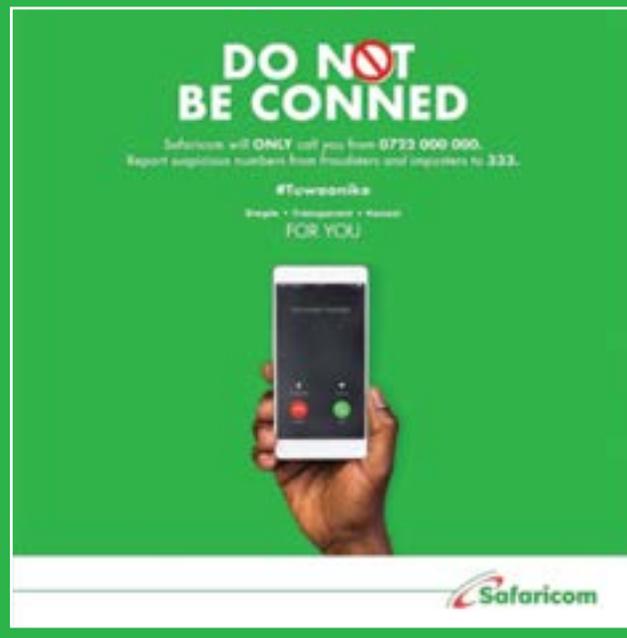
Our Supplier Code of Conduct sets out the provisions with which we expect our suppliers to comply as they relate to their employees (be they temporary, casual or permanent), agents and sub-contractors throughout the world. Amongst other things, provisions cover relations with competitors, bribes and conflicts of interest, child labour, wages and benefits, as well as environmental matters. We continue to make it mandatory for our suppliers to sign up to our Supplier Code of Conduct and the Code of Ethics for Businesses in Kenya, with contracts not being renewed unless they do so.

Know Your Customer (KYC) helps to eliminate the possibility of fraud. In FY21, we trained 451 dealers and their staff on our KYC App, Jiandikashe. This has improved the convenience and accuracy of the SIM registration process and we will continue with training going forward.

## SUPPORTING OUR CUSTOMERS TO TACKLE FRAUD



Identity theft and social engineering fraud have been some of the most common forms of fraud targeted at our M-PESA customers. In FY21, we continued with our customer fraud awareness drive. We highlighted the issues through an above-the-line campaign under the tag Jichanue and Take Control, using radio, TV and digital channels. With the aim to reach all customers, we sent out over 63 million SMS broadcasts. Additionally, our digital channels reached 9.5 million people and our radio campaign reached over 8 million people.



## INTEGRATING DATA PRIVACY AND PROTECTION

Data privacy continues to grow in relevance as a concern for our stakeholders, especially our customers. The Data Protection Act of Kenya (2019) seeks to regulate processing of personal data, and providing for the rights of data subjects as well as obligations of processors and controllers under the Act. While the regulations continue to be developed with public participation being encouraged by the Office of the Data Protection Commissioner, the main principles are quite similar to the provisions under General Data Protection Regulations (GDPR) of the European Union.

Our data protection department reviews our processes and policies and ensures that we are compliant with all regulations.

We have a dedicated contact address (dpo@safaricom.co.ke) where our stakeholders may raise any data protection concern or exercise their rights. We inform customers on what data we collect, why and what we do with it. We have developed and published our privacy statements across all digital channels for our customers, employees, suppliers, investors and other partners <https://www.safaricom.co.ke/dataprivacystatement/>.

Our strong 24/7 cybersecurity controls ensure our customers' personal data is protected and unauthorised sharing of data is prevented. Our incident escalation process quickly identifies and addresses any breaches that could occur. External breaches, should they occur, are pursued according to the law.

We conduct ongoing training for staff, dealers, agents, partners and suppliers on the principles and obligations of data protection and privacy through a variety of channels to ensure we process data with the utmost care. In the period under review we trained and certified over 70 data protection champions across the business with the ISO 27701 implementer certification. This was supplemented by in-house training and awareness for all staff.

To intensify our data privacy initiatives and awareness across the business, we have also:

- Rolled out data protection e-learning for staff
- Updated all our terms and conditions to include data protection
- Embedded data protection clauses into our supplier contracts
- Published privacy notice across all our digital channels
- Implemented privacy by design for all our products and services.

We regularly participate in public engagements with the Data Protection Commissioner on data protection legislation. Our data governance framework provides for the evaluation of compliance and reviews adequacy of the Data Protection Impact Assessment process as well as Privacy by Design principles for any data sharing. We conduct regular independent assurance over our privacy programme to ensure that any gaps are identified and dealt with promptly. By implementing all these processes and controls, we believe we have established a robust privacy programme. We continue to evolve this programme in line with international best practices and local regulations to ensure it remains current and responsive to emerging risks.

## MEETING THE CHALLENGE OF CYBER SECURITY

According to the Communications Authority of Kenya's sector statistics report for July to September 2020 there were 35.1 million cyber security incidents detected, representing an increase of 152.9% as compared to the previous similar period. The report noted that the increase in cyber threat attacks can be attributed to the move to working remotely and increased uptake of e-commerce in response to the COVID-19 pandemic.

Our 24/7 Security Operations Centre, which is responsible for managing cyber security, acted swiftly to establish a virtual private network to ensure uncompromised data and systems security as staff transitioned to working from home.

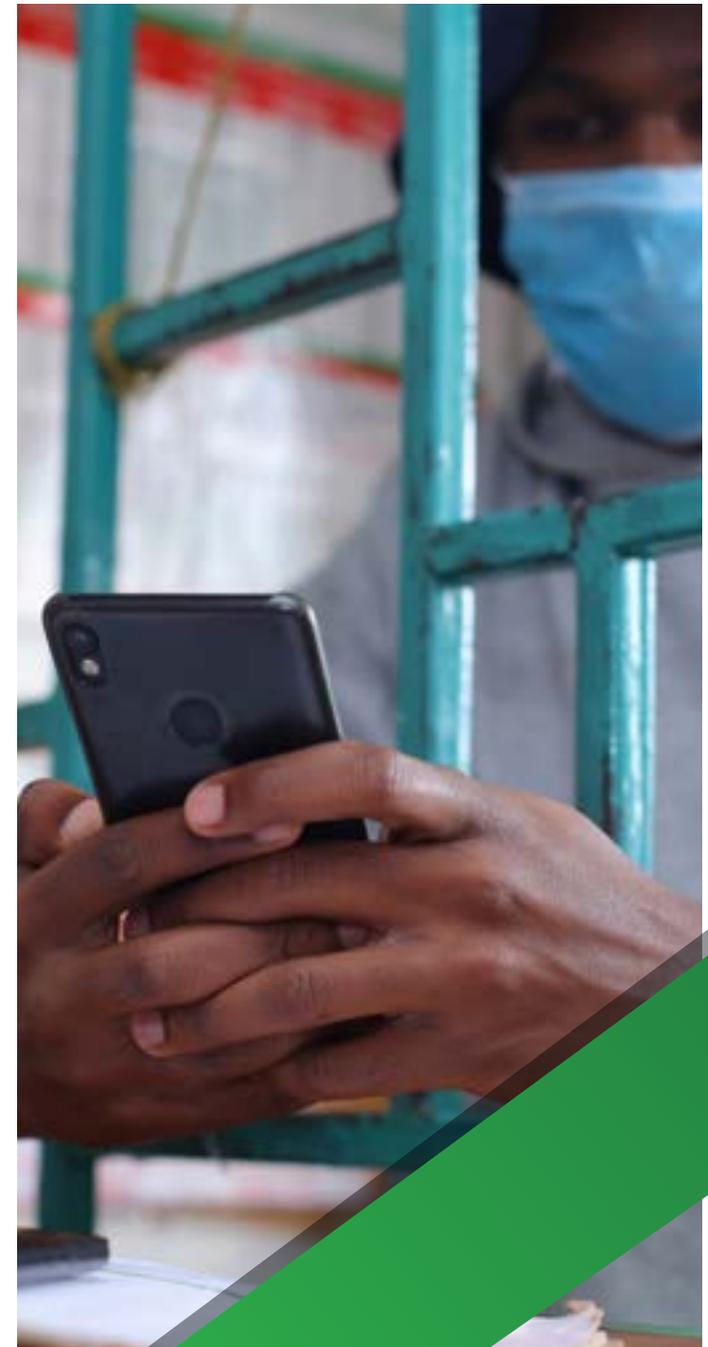
We believe that cyber security is a shared responsibility and are committed to working with all our stakeholders, including regulators, to combat this ever-escalating crime. To mitigate the risks associated with mobile money; in FY21 we developed our in-house solution – the Umbrella System Protection - to detect and respond to fraud impacting financial institution partners interacting with M-PESA. To date, 62 partners have adopted this solution.

We also held a mobile money risk and controls forum for Savings and Credit Cooperatives (Saccos) in partnership with SASRA (Sacco Societies Regulatory Authority), which was attended by 254 participants.

### FUTURE FOCUS



- Work at national level to mitigate the risks of cyber-attacks.
- Continue to put our customers first by prioritising fraud management and data privacy to ensure our customers are protected.





We collaborate with regulators (SDG16 and SDG17) to significantly increase access to information and communications technology (SDG9) while ensuring sustainable consumption and production patterns both within our own organisation and amongst our stakeholders (SDG12).

## OUR HIGHLIGHTS

- We surpassed the Quality of Service (QoS) regulatory target by 12% to achieve 92% – the first year in which we have attained a score above 80%.
- We obtained trial spectrum for 5G which we have now officially rolled out.
- Secured NEMA licensing for the rollout of 4G and 5G network, facilitated by a significant increase in audits.

## PARTNERING WITH OUR REGULATORS TO RESPOND TO COVID-19

- We worked with the Communications Authority (CA) of Kenya who allocated additional spectrum for 3G to us in order to reduce stress on the network caused by the spike in demand for data during the lockdown period. This enabled us to continue serving our customers during a time when the country was transitioning to virtual services.
- We successfully engaged with the Central Bank of Kenya (CBK) to approve the doubling of mobile money transactions and wallet limits to facilitate digital payments and reduce usage of cash to manage the spread of the virus better.

# OUR REGULATORY ENVIRONMENT

## PRIORITISING REGULATORY COMPLIANCE

The regulatory environment is constantly shifting within the landscape of changing economic and socio-political issues. In order to ensure that we remain connected and understand these issues, we assess our strategies, programmes and future plans against all applicable laws and regulations on an ongoing basis and proactively engage with our regulators on wide-ranging issues.

We managed to maintain this during the COVID-19 crisis period. We also strengthened our stakeholder dialogue, engaging closely with the GSMA, East Africa Com and AfricaCom among others by making use of virtual platforms. We participated in numerous webinars, panels, workshops and keynote addresses on the role of policy in the new normal.

## SURPASSING THE REGULATORY QUALITY OF SERVICE (QoS) SCORE

In 2018, the Communications Authority (CA) of Kenya launched a new Quality of Service (QoS) Framework, to be implemented over three years. The revised framework, against which we are now reviewed, has broadened the services under assessment to include SMS and mobile internet services. The new Quality of Service Monitoring System (QSMS) is based on three key components:

- End-to-end quality of service (measured through drive tests and walk tests, where the threshold is 80%)
- Network performance (measuring stability and availability using data automatically submitted from operator systems)
- Quality of Experience (QoE) (using surveys to establish customer satisfaction with the performance of the network).

The end-to-end QoS measure accounts for 60% of the score awarded to operators, while network performance and customer experience account for 25% and 15%, respectively. Operators have to score an overall 80% to meet the standards and avoid penalties. In FY21, we surpassed the regulatory QoS score of 80% by attaining 92% in the QoS assessment conducted by the Authority. Pleasingly, we continued the four-year trend of no fines or sanctions for non-compliance with regulations and no legal actions lodged for anti-competitive behaviour.

## ENVIRONMENTAL IMPACT MONITORING AND EVALUATION

The number of Environmental Impact Assessments (EIAs) decreased year-on-year because our technology team onboarded external vendors to carry out the EIAs of the base stations which reduced our involvement. The reason for the significant increase in Environmental Audits in FY21 is that we completed a total of 1 460 special audits known as Self-Environmental Audits which we intend to undertake every three years. In addition, we completed 318 initial Environmental Audits at our new sites.

	2018	2019	2020	2021
Environmental Impact Assessments	590	600	437	122
Initial Environmental Audits	458	300	513	318
Self Environmental Audits	N/A	N/A	N/A	1 460

\*2021 was the first year in which the self-audits were performed.

## KEEPING THE COUNTRY CONNECTED

During the COVID-19 crisis, we successfully lobbied the Regulator to delay the implementation of fees related to the allocation of a new range of number prefixes to cushion subscribers from the adverse effects of increased costs in a period where households had lost income. As the majority of the Kenya workforce began working from home which caused a spike in data demand, we also successfully engaged with the Communications Authority (CA) to allocate additional spectrum. The frequency allocated was 10MHz in the 2 100 band (3G) for nine months until May 2021. We have requested an extension of the spectrum allocated as the majority of the population is continuing to work from home. To enhance our engagement with the CA, we now report on a quarterly basis to this body on Network Redundancy, Resilience and Diversity (NRRD).

## PILOTING 5G

Our theme, 'Standing Together: Going Beyond', among other things, reflects our aim of standing together with our stakeholders to connect them to opportunities. 5G is one such opportunity. At its most basic, 5G offers much faster data download and upload speeds that ultimately ease network congestion. What's more, 5G era networks are expected to support the massive rollout of intelligent IoT connections for a multitude of scenarios and provide an enhanced platform to support widespread adoption of critical services. 5G could, for example, enable remote patient diagnostics and monitoring; access to education; fast detection of natural disasters and smart city infrastructure, among other things. 5G will also potentially accelerate the digitisation and automation of industrial practices and processes (including supporting Fourth Industrial Revolution goals).

In a key development, we re-farmed spectrum for Fixed Wireless Access service (WiMax) to offer the 5G technology to our customers. We are currently rolling out Kenya's first fifth generation (5G) mobile internet services targeting major urban centres. We started with six pilot sites in Nairobi, Kisumu, Kisii and Kakamega.

We moved forward into the future to trial 5G technology for our customers at these six sites with the aim of empowering them with super-fast internet at work, at home and when on the move, supplementing our growing fibre network. 5G technology can easily act as an alternative to home fibre and fibre for business services, targeting customers in places where we have yet to roll out our fibre network. Our subscribers who want to use the service will need to acquire new handsets that are compatible with 5G before they can enjoy the superfast Internet.

"I congratulate Safaricom on this milestone, reinforcing the country's position at being at the forefront of innovation in the region and the world. 5G technology will usher increased internet speeds and capabilities for millions across the country, laying a strong foundation for a new generation of innovators and entrepreneurs."

The Honourable Joe Mucheru, Cabinet Secretary, Ministry of Information and Technology

Securing statutory approval for the 5G trial sites was challenging as we were met with scepticism from certain sectors of the public who were concerned about the impact of 5G on human health, especially its link to the Coronavirus pandemic. The stalemate was addressed through training, developed by GSMA, of the concerned parties on electromagnetic fields (EMFs) and 5G. Our efforts make us the first technology company in Kenya to launch 5G technology.

## GOING BEYOND TO CONNECT THE UNCONNECTED



Our approach to regulation has been to incorporate the aims of our priority SDGs into our engagement and advocacy positions. In FY21, we expressed our interest in participating in phase 2 of the Universal Service Fund (USF) Project that aims to expand connectivity to the 17 marginalised and underserved counties in Kenya. A total of 16 firms participated in a competitive tendering process valued at KSh 1.57 billion. The section of the tender we were awarded by the CA involves the provision of the active mobile infrastructure and services covering 57 sub-locations and aggregated into 22 lots.

In partnership with other operators, we are moving forward to roll out telecommunications cellular mobile network infrastructure and services in 101 sub-locations across the country. The awarding of the tenders has paved the way for implementation of Phase 2 of the Voice Infrastructure and Services Project that will spur increased mobile voice and broadband connectivity, opening up new possibilities to citizens in the beneficiary areas.

## FUTURE FOCUS



- Create awareness of 5G and its benefits to eradicate the existing conspiracy theories and linkage to COVID-19.
- Continue to provide feedback on the proposed Central Bank Act Amendment Bill which seeks to extend the Central Bank of Kenya's mandate to regulate digital borrowing platforms. As at year end, this Bill was still before Parliament.





We leverage our technology and platforms, together with connectivity and innovative products and services (SDG9) to reduce inequalities by enabling access to opportunities (SDG10) and by leveraging on our partnerships ecosystem (SDG17) to create opportunities (SDG8) and contribute to sustainable development.

## OUR HIGHLIGHTS

- Launch of 5G and roll out of six 5G sites, with plans to deploy a further 30 sites.
- For the fifth year running, we were first in all Quality of Service scores as assessed by an independent third party.
- Significant growth of 40% in number of enterprise customers connected to the fibre network.
- Strong growth in fibre footprint - 43.7% YoY growth in homes connected and over 15 300 enterprise customers connected.
- 100% growth in the number of fixed customers on LTE to 21 364.
- Growth in 4G coverage from 77% to 94% of the Kenyan population.
- Accelerated fibre roll-out, to close at 4 300 fibre-ready buildings, thereby extending coverage reach for our enterprise customers.

## LEVERAGING OUR PLATFORMS TO SUPPORT RESPONSE TO COVID CRISIS

- Aggressive fibre rollout to enable customers to work from home due to the precautionary measures imposed in response to COVID-19. This is demonstrated by the 43.7% increase in home fibre connections.
- In March 2020 the Kenyan Government tasked Safaricom PLC to provide Kenyans with as much information on the Coronavirus as part of its strategy to combat the pandemic. The team designed the process flows for the USSD and Interactive Voice Response (IVR) and wrote scripts for the 719 Corona Virus helpline that was made available to the public within one and a half weeks.
- The team also designed a CRM portal to capture any data arising from the calls.
- The technology teams enabled over 5 000 staff to make a seamless transition to work from home and set up a robust virtual private network to ensure uncompromised security.
- Increased loan tenures for customers on M-Shwari and KCB M-PESA.

## OUR PLATFORMS

As described on page 33, we have changed the title and the scope of this section of the report from “networks” to “platforms”. This is aligned with our ongoing focus on innovation and Customer Obsession. Our networks enable our platforms such as M-PESA which we are constantly refining and enhancing to add new functionalities and capabilities with the overall aim of transforming our customers’ experience and adding economic value.

## CONNECTING ALL KENYANS

Our platforms – networks, stations and digital ecosystems – are the core foundation of our business, facilitating inclusive, sustainable economic development and innovation to transform lives. In keeping with our Customer Obsession focus, which means putting our customers first in everything we do, we monitor the critical components of our network – quality, availability and coverage – to ensure we give our customers the best overall experience. We remain committed to maintaining and expanding resilient platforms that connect all Kenyans. In doing so, we align with the SDGs – connecting people to health and education opportunities, enabling decent work and economic growth while promoting innovation and helping to reduce inequalities.

## OUR NETWORK

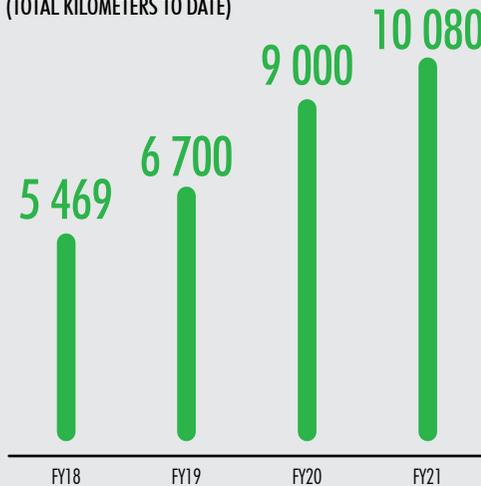
Our network is our core platform and a foundational enabler on which other platforms are anchored. There was a significant increase in demand for mobile data, driven by our customers continuing to work from home and needing to stay in touch during the pandemic. We increased 4G coverage of the Kenyan population from 77% to 94%, enabling access to high speed connectivity for customers who reside in areas where fibre is yet to be rolled out, thus enabling our customers to work remotely.

We also expanded our footprint by 1 080 kilometres to close the year at 10 080 kilometres. This enabled us to supply more homes and businesses with high speed connectivity. Capacity has multiplied almost four times on the Nairobi-Mombasa connection, and we can carry total traffic from sites connected via fibre to the home or mobile. This has had the added advantage of ensuring we are future proofed against the anticipated growth in traffic and well positioned for the provision of other supplementary services.

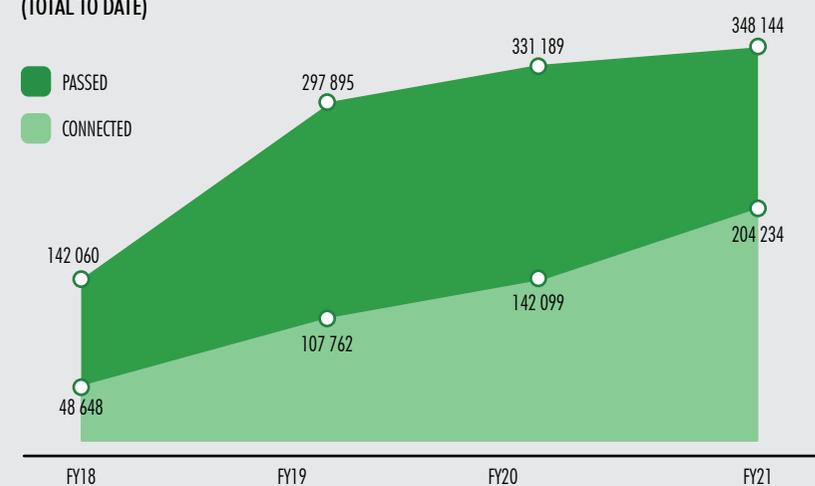
We delivered a state-of-the-art core network Subscriber Database Management (SDM) platform that's not only highly resilient against network disturbances but is also future-proof, offering robust support for up-coming technologies such as 5G and improved support for existing ones. This has provided improved performance and increased capacity, thus establishing a solid foundation for the future evolution of our network. This will enable our sites to carry more traffic and hence give our data customers a better network experience.

## OUR FIBRE FOOTPRINT

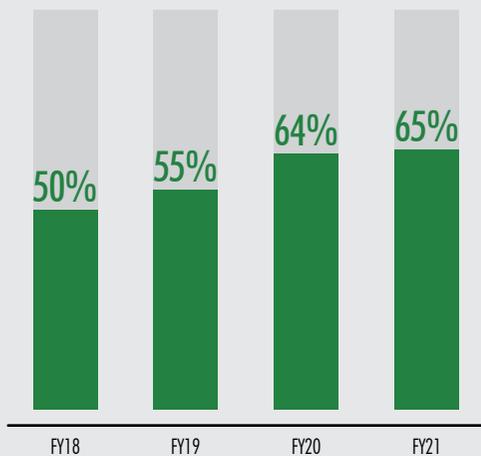
FOOTPRINT (TOTAL KILOMETERS TO DATE)



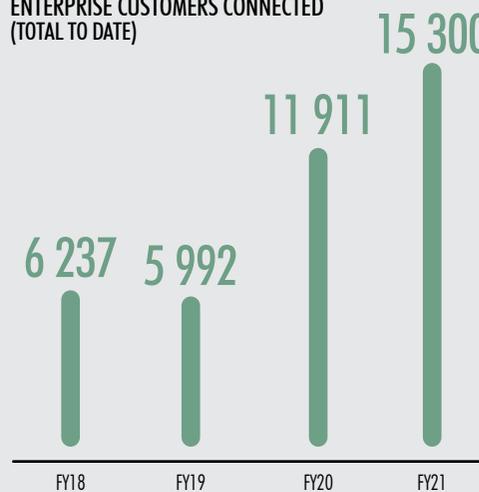
RESIDENTIAL HOMES (TOTAL TO DATE)



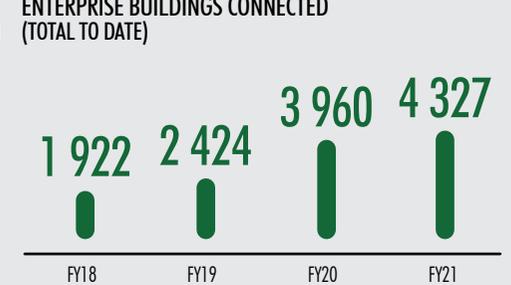
SITES (BTS) CONNECTED (%)



ENTERPRISE CUSTOMERS CONNECTED (TOTAL TO DATE)



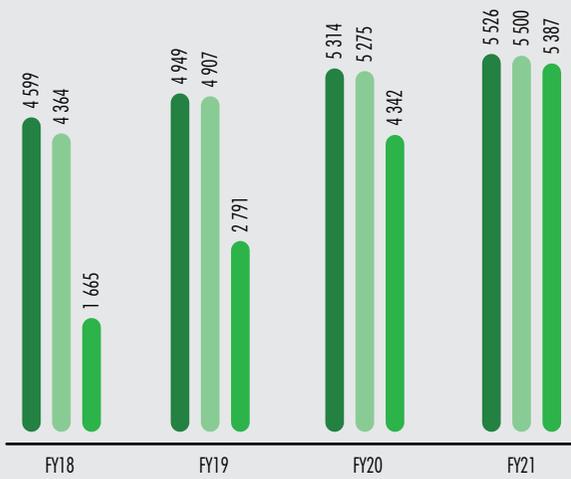
ENTERPRISE BUILDINGS CONNECTED (TOTAL TO DATE)



The COVID-19 restrictions led to a significant increase in residential homes connected as consumers transitioned to working from home. Similarly, the restrictions also led to a rise in connected enterprise customers on the back of increased demand for ICT services.

BASE STATION TYPE

2G 3G 4G



NETWORK COVERAGE (% OF THE POPULATION COVERED)

2G 3G 4G



NETWORK AVAILABILITY AND STABILITY

Network availability and stability are important because an unavailable or inaccessible network means that our customers are negatively impacted. The most significant challenge to network availability is energy availability and thus the network unavailability rate (NUR), remains unreliable power from the national grid, which is outside our sphere of control. What is within our control is the service unavailability rate (SUR) which decreased, despite the complex installations undertaken in FY21. The improved SUR is mainly attributable to improved network stability as a result of less failures in the network, specifically less transmission faults with regards to fibre and microwave radio links. This was due to the implementation of a robust transmission network, business continuity plans and back up alternative links.

NETWORK AVAILABILITY AND STABILITY

	FY18	FY19	FY20	FY21
Average weekly unavailable minutes: power network unavailability rate (NUR)	4.6	6.5	11.9	11.4
Average radio access network service unavailability rate (SUR) (minutes)	22.2	25.6	32.4	24.7

CUSTOMER SATISFACTION AND OUR NETWORK

Our Customer Obsession journey means prioritising customer experience by ensuring we provide a robust and stable network. We use the network-related Net Promoter Score (NPS) to help us measure our customers' experience on the different aspects of the network. The NPS measures the customer's experience with the network, rather than actual network performance. As an independent survey of customer satisfaction, this metric helps us to monitor our customers' experience of the ongoing improvements we make to the network.

In FY21, to ensure continued network reliability, we upgraded the Internet gateways to high capacity routers and upgraded the firewall clusters from two to three chassis. Robust firewalls were also deployed. In addition, the Allot Deep Packet Inspector (DPI) was upgraded to 400G. To handle the added demand for IPs, we deployed Carrier Grade Network Address Translators (CGNAT) commissioned in QoA, Thika and Nakuru. In addition, we continuously deployed content CACHE, with a current deployment of Facebook, Google, Netflix and Akamai in QoA, Thika and Mombasa. All these complex initiatives were carried out with minimal disruptions to service.



“Our Customer Obsession journey means prioritising customer experience by ensuring we provide a robust and stable network.”

## BREAKDOWN OF NETWORK NPS



### SIGNAL COVERAGE



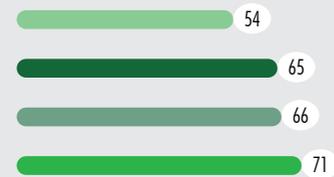
### VOICE QUALITY



### DATA COVERAGE



### DATA SPEED



### OVERALL



For the fifth year running, we were first in all Quality of Service results as assessed by an independent third party - Umlaut ([www.umlaut.com](http://www.umlaut.com)).

This includes the call setup success rate, the dropped call ratio and speech quality. For data this includes mean web browsing session time and network delays, as well as both download and upload mean user data rates.

## INDEPENDENT QUALITY OF SERVICE (QOS) RESULTS

Service	KPI	FY18	FY19	FY20	FY21
Voice	Call setup success rate	★	★	★	1
	Dropped call ratio	★	★	★	1
	Speech quality	★	★	★	1
Data	Mean user data rates: download	★	★	★	1
	Mean user data rates: upload	★	★	★	1
	Mean web browsing time	★	★	★	1
	Network delay	★	★	★	1

★ First   ★ Second   ★ Third

## MAINTAINING THE STABILITY OF OUR PLATFORMS



The agile culture which will be rolled out throughout our organisation more fully in FY22, has already been implemented into the IT department with positive results. 'Agile' is anchored on customer obsession, data driven decision making, iteration using fast feedback loops and collaboration. Our agile tribes/squads work as a community of experts to incorporate emerging trends and best practices including the administration, upgrade and maintenance of software artefacts and test management tools to ensure proper functioning and use. The efficiency of the stability squad which implemented automated daily health checks for different platforms meant that incidents were reduced from 195 to 70.

## OUR M-PESA PLATFORM

M-PESA is a mobile financial services platform that provides money transfer, payments and access to credit for individuals and organisations. Our M-PESA platform incorporates numerous offerings which enhance financial inclusion and enable the transformation of lives.

Our M-PESA services include, amongst others, a range of core and financial services across select customer groups. Our core services comprise domestic and international transfers, converting cash to e-money and vice versa, retail payments, bill and tax payments, and airtime and data purchases. Financial services range from loans, savings, and overdraft facilities to wealth management, insurance and bank transfers (where money can be transferred from M-PESA wallets to bank accounts in real time). We continuously innovate and form partnerships to improve and increase our service offering in a number of other sectors for more than 28 million customers in Kenya.

### PROMOTING FINANCIAL INCLUSION

	FY18	FY19	FY20	FY21
<b>M-PESA</b>				
No. of customers (Million: 30 day active)	20.5	22.6	24.9	28.3
No. of Lipa Na M-PESA merchants	102 337	122 879	172 561	301 597
Value of diaspora remittances through M-PESA Global (KSh billion)	94	119	158	289.7
<b>M-SHWARI</b>				
No. of customers (Million: active users)	3 262 955	3 985 120	4 662 652	3 977 177
Value of M-Shwari deposits (KSh billion)*	213.4	213.4	320	571.1
Value of M-Shwari loan disbursements (KSh billion)	83.3	97.5	129.6	94.5
<b>FULIZA</b>				
No. of transactions	N/A**	46 357 358	392 891 348	787 133 367
Amount disbursed (KSh billion)	N/A**	29	245	351

\* Deposit balance (sum of monthly deposit balances)

\*\* Fuliza only started in FY19

M-SHWARI is a mobile savings and loan service offered to M-PESA customers that enables them to open and operate an M-SHWARI bank account through their mobile phones. An increasing number of Kenyans are making use of this service, as indicated by the fact that deposits have more than doubled over the last four years.

### M-PESA'S EVOLUTIONARY JOURNEY



## PORTAL PERFORMANCE



41 367

Total developer accounts



4 489

Total production apps



179

Highly active developers (+50 tph)



2 600

Average active developers



23 141

Developers with apps



11

Number of APIs published

## INTEGRATING EASILY WITH M-PESA THROUGH THE DARAJA API DEVELOPER PORTAL

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

## ENHANCING THE M-PESA PLATFORM

We also made the following enhancements to the platform in FY21:

- We introduced **M-PESA on USSD** (\*344#) as an alternative channel for accessing M-PESA services and partner payments. This new channel gives us the ability to innovate and add new products, especially for customers who have feature phones. In addition to the core M-PESA services such as send money, Paybill, buy goods and services, loans and savings, as well as Pochi la Biashara, the channel is packaged with a new revamped Hakikisha which is a mandatory step where a customer has the ability to cancel an erroneous transaction or confirm a valid transaction. Other features include partner payments where customers are redirected to make payments to partner accounts. Customers are now able to access their bank; make county, government and premium payments; pay for their transport tickets and parking etc.
- The **M-PESA R6 hardware refresh** we conducted in January 2020 paved the way for a successful Release 6 Cutover in July 2020. Benefits for our customers include new business features e.g. standing orders, Fuliza (300 transactions per second), automatic bank reconciliation, transaction event processing to give real-time transaction notifications to third parties. An additional benefit is for enterprise customers is increased data insights for Customer Value Management (CVM) analytics.

## TOWARDS INCREASED DIGITISATION

Digitalisation can help reduce costs, standardise and automate business processes, reduce the reliance on manpower and minimise cash handling. The latter became extremely important during the COVID-19 pandemic. In FY21, we achieved the following forms of digitalisation.



Vehicles using the Kenya Ferry Services (KFS) now pay via M-PESA

⇒ 100%

Growth in value collected by KFS.



Lipa Na M-PESA application process is now online for enterprise customers



New Accounts

30.4%

Acquired through self-onboarding

Business fills

25k



569

National government organisations now on M-PESA



47

Counties digitalised

24

Counties with revenue systems



300 OUT OF 5000

E-citizen digitalised workflows

Coordination of the COVID-19 Fund to ensure digital disbursement to beneficiaries.



KSh 12 b

Disbursed to beneficiaries across the country during the pandemic.



## OUR DIGIFARM PLATFORM

Farming in Kenya accounts for a third of annual economic output and more than half of the workforce. At Safaricom, we did on-the-ground research and discovered that many smallholder farmers did not know why they farmed particular crops or whether they were suitable for a particular area. They also battled with issues such as quality of inputs and insurance.

Accordingly, in 2017 we developed DigiFarm – an integrated platform that offers farmers convenient, one-stop access to a suite of products, including financial and credit services, quality farm products and customised information on farming best practices. Since launch, DigiFarm, has registered over 1.4 million users and currently has 14 000 active users. We have partnered with iProcure to guarantee access to high quality inputs, and are working with FarmDrive to provide affordable credit. In addition, we provide farmers with access to relevant information in partnership with Arifu.



## DIGIFARM'S RESPONSE TO SMALLHOLDERS' CHALLENGES

### CHALLENGE

- 1 Expensive and poor quality inputs that lead to low yields.
- 2 Lack of access to knowledge resources to improve agronomy.
- 3 High cost and limited availability of credit which limit opportunities to invest to improve their farms.
- 4 Limited channels to market, leading to low bargaining power and post-harvest losses.

### DIGIFARM'S RESPONSE

- DigiFarm bypasses middlemen, giving smallholders direct access to low-cost seeds and fertiliser, credit providers and bulk purchasers of their produce.
- Through our education partners, smallholders on the DigiFarm platform can learn more about topics such as planting methods, cultivation and best farming practices, including the type of soil best suited to a particular crop.
- Credit is offered to farmers through credit partners, with a 20% deposit is required to access input credit. Agri-insurance is also offered, either bundled with input credit as mandatory insurance, or as a separate offering for farmers who decide to pay for inputs in cash.
- DigiFarm links farmers to markets through Digisoko and other partners e.g. UNGA Group Limited, EABL, BIDCO, Capwell Industries and Twiga Foods Limited.

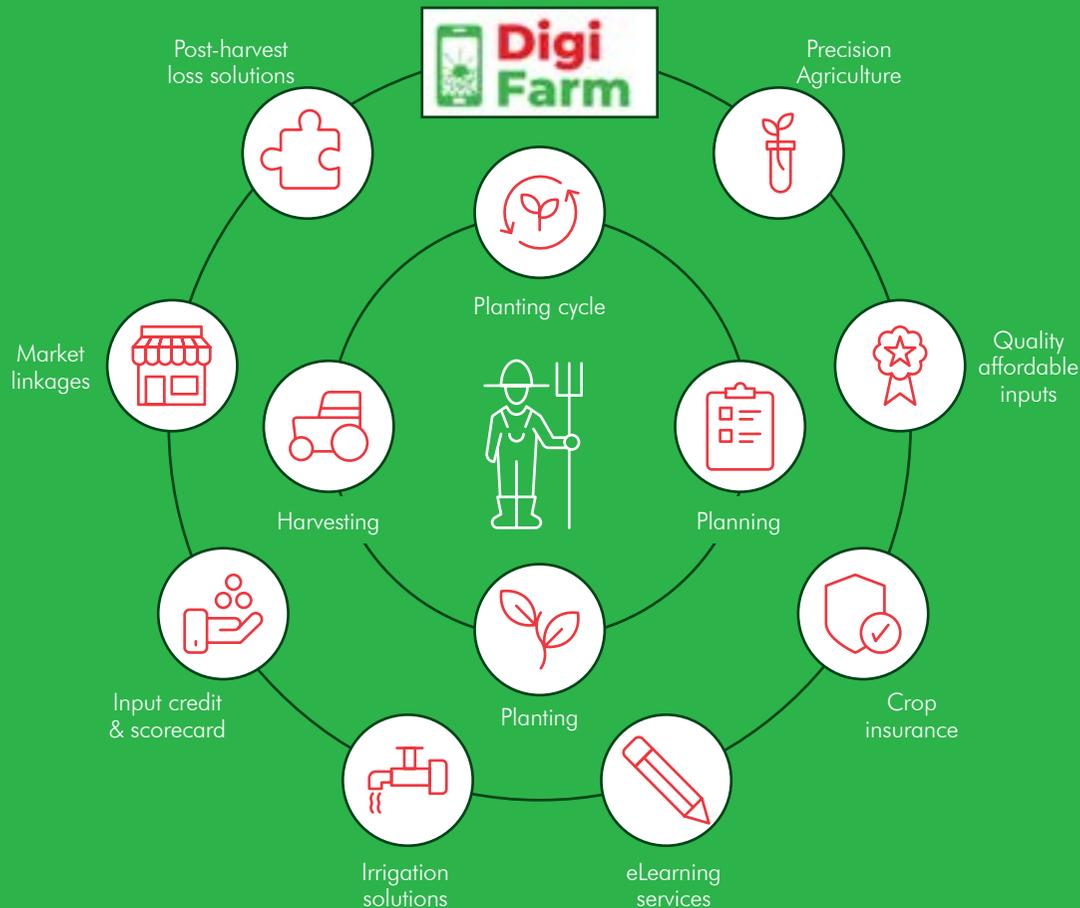
## KEY ACHIEVEMENTS

- Registered farmers: **1 499 341**
- Number of farmers geo-tagged and registered for market access: **141 026**
- Active farmers accessing learning content: **228 416**
- Percentage of women participants: **40%**
- Number of active digital village advisor (DVAs): **235**
- Sum of redeemed inputs since inception: **472 823 454**

## HELPING SMALL SCALE FARMERS BECOME MORE PROFITABLE

One farmer reports harvesting 30 bags of maize from his farm after partnering with DigiFarm – up from just one bag or less in previous seasons. Others, like Geoffrey Kimathi are equally positive:

*“In the past, acquiring farm inputs like pesticides and fertiliser was a great challenge. I was incurring losses and lost much of my crop because I wasn’t tending it well – like not using manure. There are no intermediaries which makes the products affordable. Now I can afford to send my children to a private school.” - Geoffrey Kimathi, DigiFarm participant*



## FUTURE FOCUS



- Expand the number of 5G sites to 150 across nine towns over the next 12 months.
- Connect an additional 70 000 homes with fibre.
- Launch the BAZE video platform which will enable online content creators to monetise their content through short videos and gives our customer universal access to content at an affordable price.
- Officially launch the Mtandao Mobile application which empowers Safaricom customers using Android devices to monitor their network experience easily and conveniently.
- Grow 4G coverage to 100% of addressable population.
- Finalise partnerships with Microsoft Azure and Google Cloud to enhance our cloud product offering for our enterprise customers.
- Move forward with a welfare and asset protection product, known as ‘Bima’ which aims to mitigate the impact of loss of life within a family or theft/loss of property.
- Scale up Insurance Premium Financing (IPF) to give our customers access to comprehensive motor insurance through partial financing of premiums.
- Further develop digitalisation of the transport sector through a cashless parking solution with contactless vehicle verification.



# ENVIRONMENTAL STEWARDSHIP



We are committed to becoming a net zero emitting company by 2050 (SDG7), managing our operations responsibly by decreasing our environmental impact (SDG 12) and working with our stakeholders to do the same (SDG17).

## MANAGING AND MITIGATING OUR ENVIRONMENTAL IMPACT

We track greenhouse gas (GHG) emissions; energy efficiency, consumption and cost; waste and e-waste; and emission reduction, constantly monitoring our progress. We also make use of environmental impact assessments and audits, together with international third-party standards such as the ISO 14001 environmental and ISO 50001 energy management systems in order to establish both negative and positive impacts and implement mitigation measures where required.

## MANAGING EMISSIONS

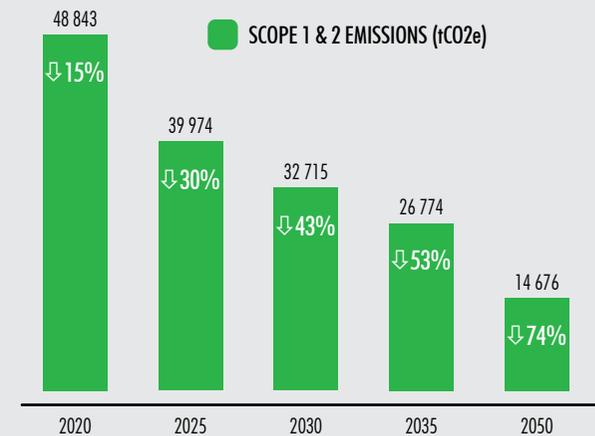
The World Meteorological Organisation’s report on the State of the Global Climate 2020 highlighted accelerating climate change indicators and worsening impacts. The report shows that 2020 was another unprecedented year of extreme weather and climate disasters. As a responsible corporate citizen, we have long been concerned about climate change and its effect on our country and our stakeholders.

We remain focused on our ambition to become a net zero emitting company by 2050. In 2019 we successfully registered our carbon reduction targets with the Science-based Targets Initiative (SBTi). During the period under review, our focus was on reducing Scope 1 emissions, particularly those related to fuel usage for energy generation in our operations as this forms the most substantial part of our emissions.

The graph alongside summarises the absolute reductions we need to implement in order to achieve this. These reductions were calculated using a compound average growth rate (CAGR) interpolation between our 2016/17 baseline 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. Based on

the existing technology we estimate that we will be able to reduce our Scope 1 and 2 emissions by 74% by 2050.

OECD PATHWAY REDUCTION TARGETS



As the graph on the next page demonstrates, we did not achieve our Scope 1 and 2 emission reduction targets for FY21, with overall carbon emissions increasing by 10.5% year-on-year and Scope 1 emissions increasing by 10% over the same period. As described on the next page under ‘Energy efficiency in our network’ this was mainly due to the increased use of diesel in network generators because of the frequent power outages experienced during the year. We missed our overall target by 14% for the period.

Our Scope 2 emissions from electricity increased by 15%. The main reason for this was the expansion of our network infrastructure which resulted in more sites being connected to the national grid. In addition, we improved our electricity consumption reporting by using estimates for electricity figures at sites which experience delayed billing and faulty electricity meters from the national grid.

## OUR HIGHLIGHTS

- Attained ISO 50001:2018 energy standard certification.
- ISO 14001:2015 environmental management standard recertification.
- We started reporting our emissions and climate actions through the CDP for the first time joining over 8 400 companies and 920 cities using the platform.
- Carbon offset tree growing initiative: 650 000 indigenous seedlings planted to date on 650 hectares with over 1 000 community members involved.
- Signed up to Business for Nature’s Call to Action.



Scope 3 travel-related emissions reduced significantly by 33%, due to reduced travel by staff during the year as a result of the COVID-19 restrictions.

To ensure we meet the targets going forward, we continue to transition our network sites to renewable sources of energy with the priority being the national grid and energy efficiency measures.

### SCOPE 1, 2 AND 3 EMISSIONS (tCO2e)



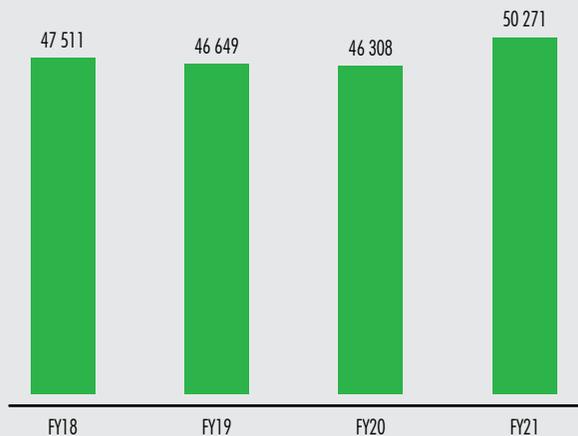
	FY18	FY19	FY20	FY21
Scope 1	36 035.3	33 057.3	28 311.3	31 125.9
Scope 2	23 835.6	26 833.3	28 881.1	33 141.8
Scope 3	3 813.6	5 818.0	2 618.6	1 765
Total	63 684.5	65 708.5	59 811.0	66 032.7

Scope 1: Direct emissions from fuels, gases, company-owned vehicles, fuels used at BTS stations, refrigerants and fugitive gases  
 Scope 2: Indirect emissions from electricity generation and use  
 Scope 3: Indirect emissions within the value chain, mostly travel-related

### ENERGY EFFICIENCY IN OUR NETWORK

Optimising energy efficiency is a key strategy for achieving our emission reduction targets. One of the main ways we measure energy efficiency in our network is the cost of energy consumption per site. We have a target in place to reduce energy costs by 10% per annum. As the table below indicates, our energy consumption costs rose significantly in FY21. This was as a result of the power outages previously described, which necessitated the use of alternate power sources.

#### COST OF ENERGY (ELECTRICITY, SOLAR, DIESEL) CONSUMPTION BY SITE (KSh PER MONTH)



“We plan to optimise energy efficiency as a strategy for achieving our emission reduction targets.”

In FY21 we were certified to the ISO 50001:2018 energy standard. Certification will help us plot a practical way to improve energy efficiency through the development of an energy management system (EnMS). The report by the independent auditors noted the following strengths:

- Decision on conducting further training related to the ISO 50 000 family
- Project on energy meter installation
- Competence register for energy management system
- Design principles for carbon emission neutral.

### INITIATIVES TO DRIVE ENERGY EFFICIENCY

Given the rapid growth of our network, it is imperative to implement energy efficiency measures if we are to achieve our emissions reduction target. As part of our energy strategy we continue to modernise and optimise our energy infrastructure by upgrading capacity and retrofitting the following; rectifiers, lithium-ion batteries, super-capacitor storage, efficient air conditioners and hybrid power solutions. In the period under review there was a decrease in the number of sites fitted with deep cycle batteries, attributable to the accelerated uptake of a hybrid solution using lithium batteries.

	FY18	FY19	FY20	FY21
Sites fitted with deep cycle batteries	240	193	300	27
Sites with low-voltage auxiliary power supply units	115	55	55	55
Sites fitted with free cooling units	92	88	88	88
Sites converted from outdoor to indoor	25	18	7	41

### NETWORK ENERGY MIX

The energy mix for our network is comprised of the national grid, diesel generators and renewable solutions such as wind and solar. Our strategy for carbon reduction is anchored on transitioning as many sites as possible to renewable sources of energy. This means



connecting new and existing sites to the national grid as the primary source of energy, given that Kenya’s national grid is almost fully based on renewable sources. The challenge with this approach is power instability caused by outages in most parts of the country.

Historically, we have used back-up generators to compensate for outages. To reduce reliance on stand-by generators, we continue to invest in hybrid energy solutions and deep cycle batteries which store power for use during outages. In the year under review, we made commendable progress by connecting an additional 351 sites to the national grid. However, this has not translated into reduced reliance on generators due to power outages which saw average generator hours per site increase from 2.4 hours in FY20 to 3.2 hours in FY21.

**NETWORK ENERGY BY SOURCE  
(TOTAL AT YEAR END)**



	FY18	FY19	FY20	FY21
Kenya Power and Lighting Company (KPLC) and genset	3 755	4 060	4 775	4 560
KPLC (no generator)	705	1 269	948	1 299
24/7 diesel generator	78	106	173	192
Solar/wind hybrid solution	155	196	221	255

## GROWING RENEWABLE ENERGY IN OUR NETWORK

We are committed to transitioning to renewable sources of powering our network as a strategy for achieving our net zero aspiration. Accelerating solar sites within our network was initially hampered because of space limitations and remote monitoring capabilities. The lack of remote monitoring devices resulted in reduced capacity of solar sites owing to sabotage. Accordingly, we developed robust solar designs which occupy minimum space, use lithium ion batteries and have built-in remote monitoring. There has been positive performance with the acceleration of functional and high capacity solar solutions in the network. In FY21, we deployed 34 solar sites with a capacity of 12kva each and remote monitoring capabilities resulting in the reduction of generator relative humidity (RH) by up to 85%. Consequently, fuel supplied to these sites has reduced by about 80%.

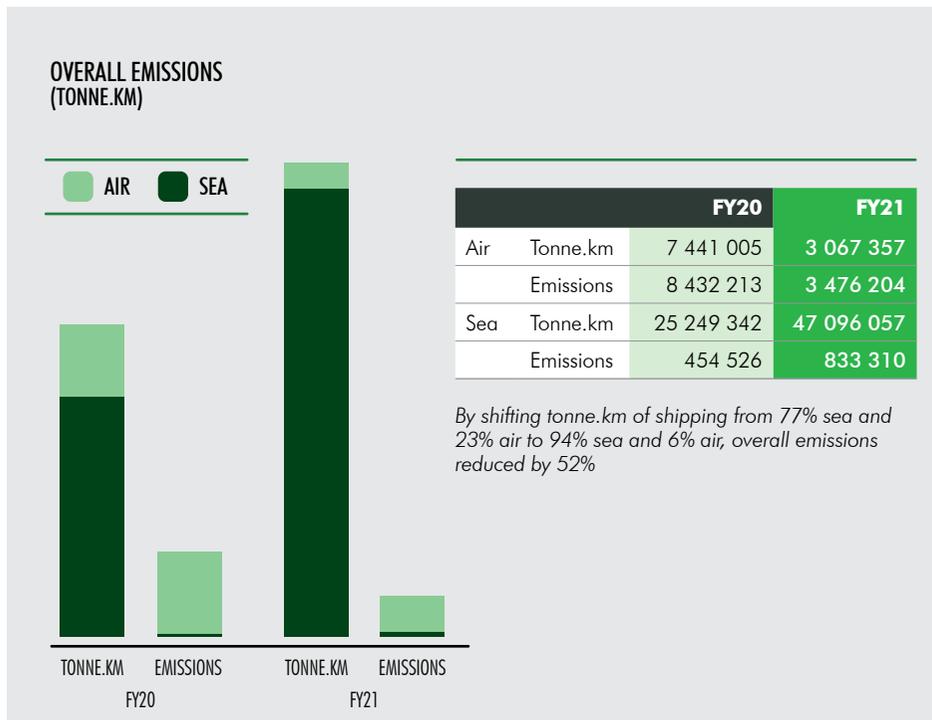
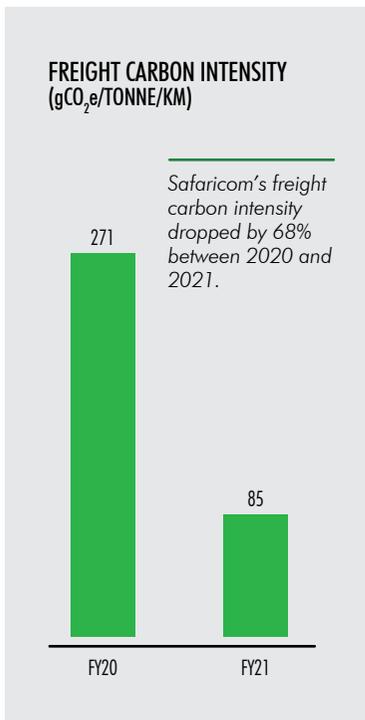
## CARBON OFFSET RE-AFFORESTATION PROJECT

In 2019 we announced our ambition to grow five million trees in five years in partnership with the Kenya Forest Service in order to offset our scope 3 emissions while rehabilitating deforested sections of Kenya’s forests. Despite COVID-19 related restrictions, we closed the year at 650 000 seedlings planted in over 650 hectares in three key sites in Kieni, Marmanet and Nandi forests. Over 1 000 community members were involved in and benefitted from the project.

## BUSINESS ADVOCACY ON THE ENVIRONMENT

We further demonstrated our commitment to protecting and restoring nature in September 2020 when we signed up to Business for Nature’s Call to Action. This involved joining more than 560 businesses from 54 countries calling on governments to act with courage and urgency by putting nature in front and centre of policy making. This is in line with recognition that without nature conservation we will not be able to meet the 1.5C climate target set out in the Paris Climate Agreement of 2015 or prevent a catastrophic loss of biodiversity.

“We demonstrated our commitment to protecting and restoring nature in September 2020 when we signed up to the Business for Nature’s Call to Action.”



“We participate in the United Nations Global Compact (UNGC) Action Platform on Climate Ambition whose strategy is to halve emissions by 2030 and achieve net zero by 2050; establish climate related targets and develop mitigation actions linked to inequalities exacerbated by climate change in the areas of resilience, health and a just transition.”

## REDUCING EMISSIONS FROM OUR SUPPLY CHAIN

We are committed to lowering our Scope 3 emissions by reducing the carbon intensity of our supply chain. Our freight emissions intensity in 2021 was 85 gCO<sub>2</sub>e/tonne/km, a 68% reduction from the previous year. In 2021, a major factor contributing to the reduction of the carbon footprint was the mix of freight methods used. A greater proportion of freight was shipped via sea as compared to air freight.

By increasing the proportion of lower-carbon intense sea freight in relation to air freight we also reduced our emissions from 8.8 million to 4.3 million kgs, a 52% reduction in absolute terms.

## REPORTING TO THE CDP CLIMATE CHANGE PROJECT

For the first time this year, we joined over 9 600 companies and 810 cities in disclosing our environment and climate impact through the CDP platform, making our response publicly available. CDP runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. The disclosures made through CDP include the governance of climate issues, risks and opportunities, business strategy and performance based on greenhouse gas emissions and mitigation measures.

We believe that by submitting to the CDP, we will continue to improve on our transparency in reporting, and hold ourselves accountable even as we implement climate actions and benchmark with the best in the industry. CDP also provides insights regarding the areas on which we need to focus in order to manage our carbon emissions effectively, mitigate our climate change related risk and maximise the opportunities.

## MONITORING AIR QUALITY

Air pollution is a major challenge especially in Kenya's urban centres. Countrywide air regulations are in place but are not always fully adhered to or enforced because of an information gap. To meet this need, we are currently working with the United Nations Environment Programme (UNEP) on an air quality monitoring pilot project. The main objective of this project is to establish robust monitoring by leveraging technology. The ultimate aim is to roll out the project to the whole country. In the year under review we expanded the project by installing additional air monitors at our main facilities in Nairobi and Machakos. This will provide greater accuracy in terms of measuring our air emissions.

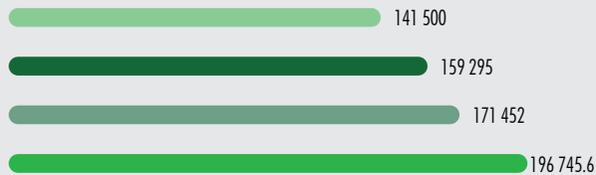
## RESOURCE CONSUMPTION

Resource efficiency under SDG12 is critical in the drive towards a more sustainable world and a key focus at Safaricom. Overall, there was an increase in electricity and fuel consumption which was largely driven by network expansion. The YoY decrease in water consumption was related to staff working from home.

### ELECTRICITY, FUEL AND WATER CONSUMPTION

FY18 FY19 FY20 FY21

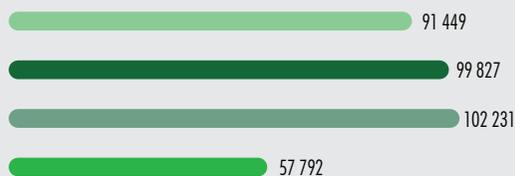
#### ELECTRICITY (MWh)



#### FUEL (LITRES)



#### WATER CONSUMPTION (M³)



## MANAGING WASTE RESPONSIBLY

Waste management is a challenge in Kenya. The World Bank estimates that the city of Nairobi alone generates an estimated 2 400 tons of solid waste daily, 20% of which is in plastic form. Electronic waste (e-waste) is also a growing problem. According to the Global E-Waste Monitor Report <sup>1</sup>, in 2019 the world generated 53.6 million metric tons (Mt) of e-waste only 17.4% of which was recycled through appropriate channels. The same report indicates that Kenya produced 51 kilotons of e-waste in 2019, equivalent to 1 kg per person.

We remain committed to ensuring that waste generated from our operations is properly managed through reduction, recycling and repurposing where possible. Through our integrated waste management programme we managed to recycle 88% of the waste generated. The 9% reduction in waste recycled is attributed to staff working from home which led to decline in the amount of organic waste generated especially from our cafeterias – a major component of the waste recycled.

### WASTE COLLECTED AND RECYCLED (kg)



GLASS  
**630**  
↓FY20: 2 602



METAL  
**967**  
↓FY20: 5 112



PLASTIC  
**9 420**  
↓FY20: 26 665



TEXTILES  
**1 167**  
↓FY20: 3 098



CARDBOARD & PAPER  
**22 898**  
↓FY20: 82 887



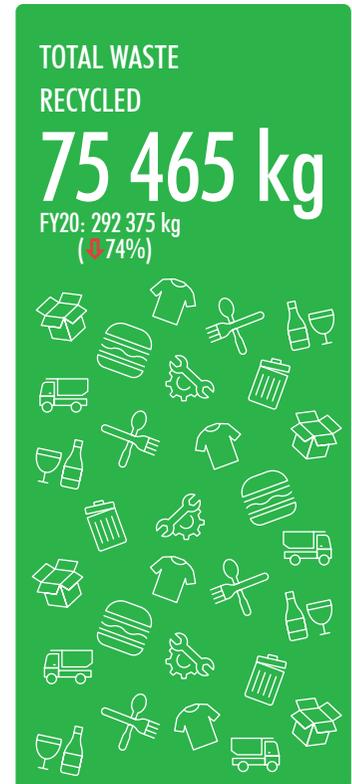
CONSTRUCTION WASTE  
**1 521**  
↓FY20: 3 816



ORGANIC WASTE  
**38 841**  
↓FY20: 168 438



OTHER WASTE  
**21**  
↓FY20: 7 292



<sup>1</sup> Forti V., Baldé C.P., Kuehr R., Bel G. The Global E-waste Monitor 2020: Quantities, flows and the circular economy potential. United Nations University (UNU)/United Nations Institute for Training and Research (UNITAR) – co-hosted SCYCLE Programme, International Telecommunication Union (ITU) & International Solid Waste Association (ISWA), Bonn/Geneva/Rotterdam.

## MANAGING ELECTRONIC WASTE

In keeping with SDG12: Responsible Consumption and Production and our commitment to the circular economy, in FY21 we continued with our e-waste recycling programme.

In addition, during International E-Waste Day, we announced a partnership with NEMA to train informal sector waste collectors and electronic waste repair shops who handle substantial amounts of e-waste in urban centres. We completed the training for 86 participants on health and safety practices of the waste handlers and electronic repairers, compliance with statutory requirements as well as connecting them to formal recyclers for sustainability and a clean environment.

	FY18	FY19	FY20	FY21
E-waste (tonnes)	855	1 072	1 287	1 430



E-waste training

## FUTURE FOCUS



- Expand our renewable energy solutions through the implementation of Energy as a Service (EaaS) and mini-grid programmes in order to stabilise the remote cluster, thereby improving service availability and NPS.
- Becoming single-use plastic-free by FY22.
- Scale up end-to-end integrated waste management beyond the Nairobi region and aspire to attain a recycling rate of 98% countrywide.
- Digitise our environmental data and 90% of our carbon footprint database by 2022 while automating 50% of our Environmental Management System (EMS) which holds the environmental audit database by FY22.
- Conduct a nationwide sensitisation programme/workshop on EMF and 5G.
- Achieve 1 million trees planted under our carbon offset re-forestation project.



## INNOVATION AND PARTNERSHIPS

### INNOVATION UNDERPINS OUR GROWTH AMBITIONS

Innovation is central to achieving our ambition of becoming a purpose-led technology company, retaining our competitive edge and ensuring that we continue to grow. Constant innovation is an important aspect of ensuring that we not only anticipate and meet customer needs, but also that we meet our commitment to the SDGs. Our approach to innovation is defined by the needs of our customers and the business imperative to respond to the needs of our society. Our business plays an important role in the lives of society, whose members look up to us for solutions to their most pressing challenges.

The teams liaise closely with the Customer Obsession Stream to gather business insights into areas that matter most to customers and to guide the business in new areas of opportunity. These insights are complemented by predictive models to drive smarter business decisions and actions, together with training. In FY21, for example, we trained staff to enable them to offer best-in-class Cloud Services and also held Cloud training sessions for MSMEs and start-ups. The training was provided to all enterprise staff trainees who interact with Cloud customers.

Before launching or further developing a new product, we solicit our customers' insight and feedback. Co-creating solutions with customers in this manner, refines and ensures congruence between customer requirements and value offered. This reinforces loyalty to our brand, helping us retain and expand our customer base. We want our customers and potential customers to see our commitment to excellence as a brand differentiator.

### ACCELERATING GROWTH

We embarked on several initiatives and partnerships to accelerate growth:

#### ACQUIRING M-PESA AFRICA

Together with South Africa's Vodacom, we acquired the M-PESA brand, product development and support services through our newly-formed joint venture (M-PESA Africa). This move will accelerate M-PESA's growth in Africa by giving both Vodacom and Safaricom full control of the M-PESA brand, product development and support



We are committed to providing innovative solutions (SDG 9) to meet the needs of Kenyans by expanding access to healthcare (SDG 3), education (SDG 4) and clean energy (SDG 7). We are achieving this by going beyond to stand together and leverage our technology and partnerships (SDG 17).

### OUR HIGHLIGHTS

- Together with Vodacom, completed the acquisition of the M-PESA Africa brand, product development and support services.
- Successfully submitted the bid and were awarded the operating licence for Ethiopia as part of the Safaricom led consortium.
- We achieved Advanced Consulting Partner status in the Amazon Web Service (AWS) Partner Network (APN), becoming one of the first APN members in East Africa.
- Launch of Lipa Mdogo Mdogo – a device financing initiative in partnership with Google with 247 379 devices sold under this initiative.
- Successful implementation of Public Service IoT in 15 000 public service vehicles (matatus).
- Active 4G devices grew 39.8% year-on-year (YoY) to 8.5 million while data customers using more than 1GB in our network grew 31.1% YoY to 6.1 million.

### PARTNERING TO RESPOND TO COVID-19

- To minimise cash handling during the pandemic, we partnered with the public service vehicle operators to provide an option for cashless fare payments.
- We partnered with UNESCO and Eneza's Shupavu 291 solution to give approximately 4 000 students access to mentors and information on Science, Technology, Engineering and Mathematics (STEM) subjects via SMS.
- Partnered with Longhorn, Viusasa Elimu, Shupavu-Eneza & KICD to provide access to e-learning to 1.6 million learners.

services as well as the opportunity to expand M-PESA into new African markets. The joint venture will allow Safaricom and Vodacom to drive the next generation of M-PESA – an intelligent cloud based platform for the smartphone age. The acquisition will enable a more aggressive expansion strategy to other markets on the continent where the platform is not available.

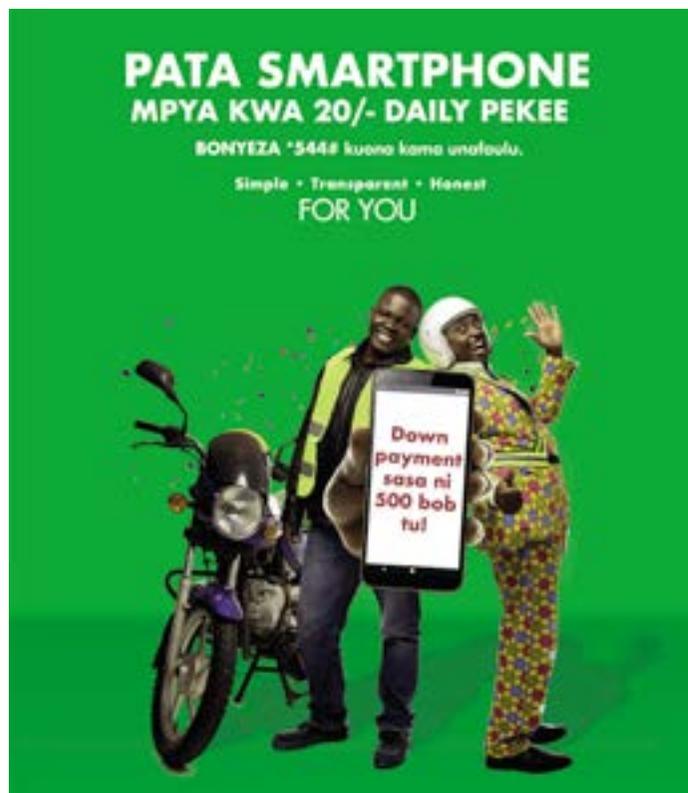
### PARTNERSHIP WITH GOOGLE TO MAKE SMART DEVICES AFFORDABLE

We partnered with Google to provide access to smartphones through a device financing project known as ‘Lipa Mdogo Mdogo’– which is roughly translated from Swahili as “pay in instalments”. Our numbers showed that of our 23.77 million mobile data customers, only about 8.5 million own 4G devices, while 8.2 million have 3G capable devices. One of the most significant barriers to access to smart devices has always been that of smartphone affordability. Through Lipa Mdogo qualifying customers can buy 4G-enabled smartphones and pay through daily instalments of KSh 20 over a period of 12 months. Eligibility for the plan is based on a customer credit score and a history with the Safaricom network going back one year. By year end, there had been an uptake of over 247 379 devices, with over 60% of our customers upgrading from 2G and 3G to 4G devices.

In FY21, smartphones connected to the network increased from 15 million to 16.7 million, representing a YoY increase of 11.3%.

#### DIGITISING THE CUSTOMER

Service	FY18	FY19	FY20	FY21
Smartphones connected to the network (millions)	10.9	12.2	15	16.7
4G enabled smartphones (millions)	2.2	3.2	6.1	8.5



### GLOBAL PARTNERSHIP FOR ETHIOPIA

In November 2020, Ethiopia, a country of 110 million people with one of the world’s last closed telecoms markets, announced the opening of a bid for a telecoms licence. We participated in the bidding process under the auspices of a Safaricom-led consortium comprising of Vodacom, Sumitomo the Japanese conglomerate and CDC, the UK sovereign investment fund. By the time of this report going to publication it was announced that our consortium had won the bid and was awarded the operating licence in the Ethiopian market.

#### OUR PARTNERSHIP ECOSYSTEM



##### Agriculture



##### Clean energy



##### Education



##### Financial services



##### Health



## PARTNERING FOR FARMERS

We partnered with the Ministry of Agriculture, Livestock and Fisheries (MOALF) so that, for the first time ever, farmers can access government subsidies digitally. The farmer pays 60% on M-PESA while the Ministry adds the 40% and 100% is given to the agro dealer on his till so that farm input can be released. Previously, the Ministry would give all farmers the same input, whereas now, farmers can choose whichever input they need. Payment is digital and instant.

## SUPPORTING SMES AND MSMES THROUGH FINANCIAL SERVICES

SMEs and MSMEs are the heart of our society and the lifeblood of Kenya's economy given that they contribute to over 40% of all economic activity. For this reason, it's important for businesses like ours to support small businesses so that they grow and thrive as part of our economic recovery from the COVID crisis.

- **Pochi La Biashara**, is a product that allows owners of businesses such as food vendors, small kiosks, boda-boda operators and second-hand clothes dealers, to receive and separate funds received from business transactions from their personal funds on their M-PESA line. This provides convenience in managing and accounting for the funds received. A total of 1.01 million SMEs and MSMEs had signed up for this service at the close of the year.
- **M-PESA Bill Manager** targets schools, landlords, utilities and other businesses with repeat payments, offering a platform where they can present and receive pending payments from customers, and issue electronic receipts. For M-PESA customers, the service offers a single point where they can view all their bills, receive reminders and automate payment of bills. The Bill Manager enables institutions like schools to customise different type of fee such as tuition, lunch, transport and school trips among others, and also to send fee reminders. We onboarded 375 000 merchants, of whom there were 212 000 (56.7%) actively using the service. Through M-PESA Bill Manager, we hope to empower businesses in

Kenya to digitize their businesses beyond collecting payments.

- The **M-PESA for Business App** gives our Lipa na M-PESA merchants access to real-time statements, the ability to export statements and to track their business performance on the go. Through the app, business owners are able to transfer funds from Lipa na M-PESA to their M-PESA accounts, bank accounts or at an agent outlet. The app also enables business owners to make payments to other businesses, pay wages or suppliers and receive detailed reports on till activity from the convenience of their smartphones. The app eliminates the tedious, manual process of accessing funds paid through a merchant till. At the close of the year over 800 merchants had signed up for the service with transactions valued at KSh 63 billion.
- The **M-PESA Merchant Transacting till** is an enhancement of the existing Lipa Na M-PESA Buy Goods till that enables business owners to collect payments on the till and use the money collected to conduct other transactions directly from their till. This till is ideal for businesses in retail, such as supermarkets, restaurants, hardware, pharmacies, boutiques, salons etc. that collect money from customers regularly as part of their business. There were one million transactions to value of KSh 70 billion.

## DELIVERING STEP CHANGES IN GROWTH AND VALUE PERFORMANCE FOR VENTURES

The formal retail penetration in Kenya is ranked at 30% and the fraction of Kenyans shopping online is only 0.5% but the figures are anticipated to rise. Through **Masoko**, our online marketplace, we offered phones and accessories delivered to customers in three hours. While the marketplace is still in the development phase, this initiative has laid the foundation for the potential rise in online shopping.

## PARTNERSHIP WITH THE HELB ON AN EDUCATION E-WALLET



The Higher Education Loan Board (HELB) disburses in excess of KSh 15 billion to over 200 000 beneficiaries annually. In March 2021, we partnered with the HELB to roll out a smart mobile payment solution for students at tertiary institutions to access and utilise their loans and bursaries. The solution will enable HELB to promote responsible spending as funds can be locked for specific allocations, such as tuition or library fees only accessible to the specific Paybill account of the recipient's university or Technical and Vocational Education and Training (TVET) institution. From the students' perspective, their upkeep allowance can now be transferred into their M-PESA wallets for everyday use. The portal gives them the capability to receive notifications and plan their finances. In addition, those who have graduated can track their loan repayments.

## M-GAS: PROMOTING THE USE OF AFFORDABLE, CLEAN ENERGY

According to the Common Market for Eastern and Southern Africa (COMESA), by the end of April 2021, Kenya had achieved energy access of over 75%. As the name suggests, in line with SDG 7 Affordable and Clean Energy, M-Gas aims to promote the use of gas - a cleaner burning fuel - and broaden access to energy. M-Gas also enhances affordability through a pay-as-you-go system.

M-Gas was officially piloted in early 2020 in Mukuru-Kwa-Njenga, Nairobi. The pilot involved the installation of a gas cooker and cylinder with a smart meter at no cost. Provided by Circle Gas, M-Gas is essentially a digital service that leverages Safaricom's connectivity by enabling the pay-as-you-go purchase of gas from

as little as KSh 1 through the smart meter. The latter connects to Safaricom's Narrow Band Internet of Things (NB IoT) and accepts M-PESA payments. The NB IoT network provides connectivity that enables M-Gas to replace the cylinder in customers' homes before the gas runs out, providing a reliable virtual pipeline supply. In FY21, M-Gas launched additional depots in Mkuru Kwa Njenga, Huruma and Kibera and expanded reach to approximately 41 000 customers.



An M-Gas agent on his way to a cylinder change in Mukuru kwa Njenga

## SDG4: QUALITY EDUCATION



During the COVID-19 pandemic, we partnered with **UNESCO and Eneza's Shupavu 291** solution to give students access to mentors and information on Science, Technology, Engineering and Mathematics (STEM) subjects via SMS. Over an 11-week period, over 40 radio stations and a local TV channel aired the live shows during which students were encouraged to send questions via SMS to 40291. The mentors and facilitators of the show then sent responses to each question. Approximately 600 000 of our customers participated in the initiative.

## INTERNET OF THINGS (IOT) SOLUTIONS FOR OUR ENTERPRISE CUSTOMERS

IoT makes everyday objects (things) 'smart' by enabling them to transmit data and automate tasks, without requiring manual intervention. By supporting key sectors, IoT has the potential to enhance efficiencies and improve productivity through reduced reliance on manual inputs. We continue to expand our range of IoT business solutions for use in areas such as telematics, asset management and tracking and utilities. One example is the telematics solution we provided for the National Transport Safety Authority (NTSA). This was implemented in 15 000 matatus (public service vehicles) to track various aspects of driver activity. The solution, which operates throughout Kenya, tracks adherence to speed limits, thereby enhancing safety. At year-end, we had provided 726 100 IoT connections, representing growth of 5.7%.



### TELEMATICS

15 600  
CONNECTIONS

Use cases such as fleet management e.g. remote monitoring of PSVs



### CONNECTED COOLER

5 500  
CONNECTIONS

Partnership with Kenya Breweries Limited



### MACHINE-TO-MACHINE

562 000

Such as M-Gas



### SIM MANAGEMENT

143 000

Use cases such as smart metering

## FUTURE FOCUS



- Launch an M-PESA 'super-app' to consolidate all products and services under one app, thereby allowing MSMEs to create their own apps within the M-PESA ecosystem.
- Launch Afya Moja, a medical records health portability platform.
- Scale up the e-fertiliser subsidy programme to reach one million farmers within the next two years.
- Secure a telecoms operating licence for the Ethiopian market by the end of May 2021.
- Partner with Huawei to trial an innovative new solution for restaurants to help them digitise their menus and ordering systems, integrating with M-PESA for easy payments.

# OUR STAKEHOLDERS



## IN THIS SECTION

Customers	62/
Society	67/
Employees	73/
Regulators	81/
Business partners	83/
Shareholders	87/
Media	88/

We define our stakeholders as people, communities or organisations who are actively involved in our business, could influence our business outcomes in any way or who may be impacted by the activities related to our business.

Our stakeholders include our customers, Kenyan society as a whole, our employees, regulators, business partners, shareholders and the media.

We engage with our stakeholders in a spirit of mutual trust and respect through both informal and formal channels. Transparency and honesty are the driving force of all our interactions and we tailor our engagement processes to align with their different needs and priorities.

Their insights, ideas and opinions are invaluable as we work to transform lives.



## OUR HIGHLIGHTS

- Total customers up by 12% to 39.90 million, 1 month active: M-PESA customers: up 13.6% YoY to 28.31 million, and 1 month active mobile data customers up 2.1% YoY to 20.04 million.
- Permanently doubled the speeds for fibre customers during the FY21 period. Total gross adds for the year closed at 62 473, with total active customers standing at 137 000.
- Automation of enterprise customers' onboarding process.

## ISSUES FOR OUR CUSTOMERS

- Economic constraints exacerbated by COVID-19, perception that Safaricom is more expensive than its competitors.
- Delayed installation of fibre because of the long approval cycle.

## SUPPORTING OUR CUSTOMERS DURING THE COVID-19 CRISIS

- To cushion Kenyans from rapid transmission of the pandemic, guided and in collaboration with the Central Bank of Kenya, the industry waived fees on; Person to Person (P2P) for transactions of KSh 1 000 and below, as well as bank to M-PESA wallet and M-PESA wallet to bank transfers (C2B and B2C). As a result, 1.7 billion transactions were zero-rated to the value of KSh 4.4 trillion.
- In addition, we zero-rated pay bills and tills for hospitals and dispensaries as well as Lipa na M-PESA transactions below KSh1 000.
- On the resumption of charging, we reduced P2P transaction charges by up to 45% for low value transaction bands below KSh 7 500 and retained unlimited M-PESA Kadogo (KSh 100 and below) transactions. M-PESA wallet to bank and bank to M-PESA wallet (C2B and B2C) transactions continue to be free.
- Bonga for Good is now a permanent service and customers are able to redeem their points at any Buy Goods till merchant countrywide. Approximately KSh 1.2 billion worth of goods were redeemed during the year.

# CUSTOMERS

## BECOMING NOTORIOUSLY CUSTOMER OBSESSED

Our customer base is comprised of individuals and organisations across Kenya. We classify our customers into two main categories: consumer and enterprise. The former are consumers of products and services such as voice, mobile and fixed data and mobile money, while enterprise customers include businesses of all sizes ranging from small and medium enterprises (SMEs) to large corporates and public entities.

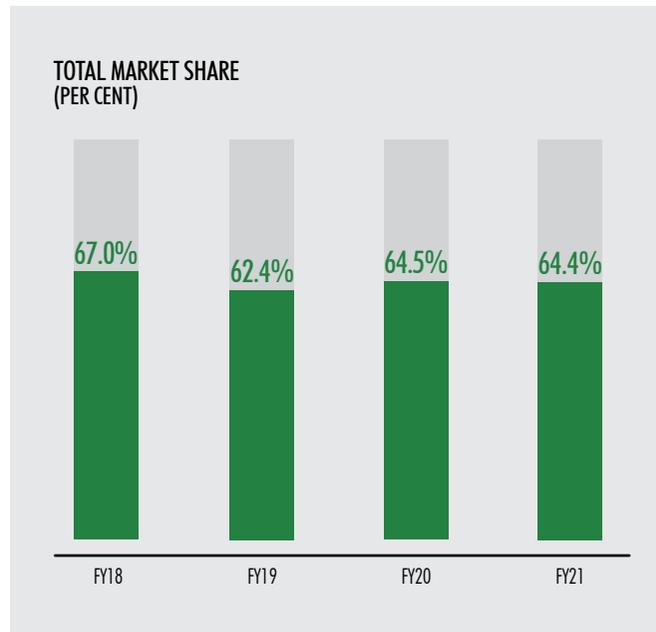
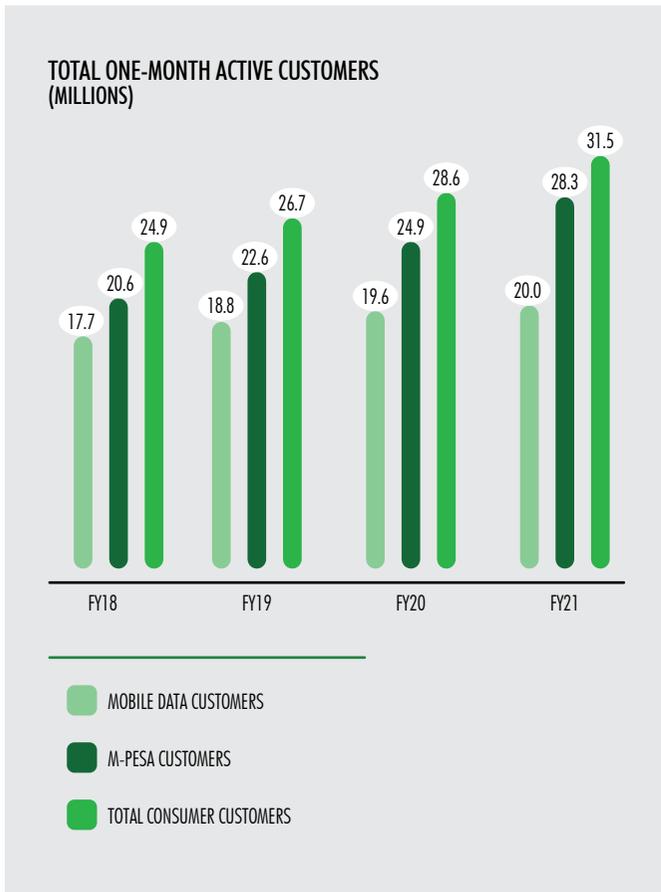
In FY21, we embarked on our Customer Obsession journey whereby we seek to deepen customer engagement and experience.

Under Customer Obsession, we will work to add value continuously to our customers' experience of and interaction with us, using various touch points and platforms to collect feedback regularly and prioritise customer needs. Our approach in deepening the engagement with our customers is based on six pillars:

Our Customer Obsession pillars	Description	FY21 progress
Transparency	Enable our customers, based on their feedback, to track and monitor the usage of their resources, especially data bundles.	Continued to register a positive uptake on our Transparency Tools (My Data Manager, Data Save and usage statement), currently at 33m users, up from 30m.
Reliable, safe intuitive M-PESA	Ensure reliability of the M-PESA platform by reducing planned and unplanned downtime.	Fraud prevention registered an increase from 67% to 69%.
Seamless fibre installation and maintenance	Ensure seamless fibre deployment and maintenance for enterprise and home customers.	Fixed data NPS stable at 35 pts and home fibre NPS at 37pts against a target of 40pts.
Superior usage-driven network	Roll out demand-driven network to ensure seamless experience in browsing.	Capacity upgrades continued to expand network access for customers with sufficient 3G speed at 89% despite being 2.5 months ahead of projections.
Channel excellence	Enhance customer experience at various touchpoints and increase uptake of self-service channels	IVR Stabilised maintaining containment at 81% & unassisted contact at 69%. Improved scores across all call centre KPIs.
Customer Obsessed culture	Sustain staff engagement on Customer Obsession	Improved our Ready, Willingness and Able Score with a monthly assessment to aid in swift course correction

## CONSUMER CUSTOMERS

The ongoing pandemic caused economic hardship for many Kenyans. Despite the sustained pressure on shrinking consumer wallets, we added an additional 2.82 million consumer customers during the year, growing the number of one month active customers to 31.45 million, M-PESA customers increased by 3.4 million and showing a steady growth in mobile data customers over the last four years.



## GOING BEYOND IN FY21

Recognising the economic stress many of our customers were under, we focused on enhancing value for money for our customers through our products and services and enhancing their experience.

- Value-for-money offerings include:
  - Tunukiwa, a service aimed at giving our prepaid, postpaid and hybrid subscribers the opportunity to choose personalised offers for data, SMS, voice and Talk time.
  - Unlock Free 500MBs, a data campaign whereby customers are assigned a daily data offer or purchase a data bundle for a value equal to or greater than their daily offer and are thereafter awarded a free data amount of 500MBs that expires at midnight.
  - Facebook Kadogo, which allows our customers to enjoy free Facebook even when they run out of internet bundles.

- We also launched new secure, stable and reliable digital channels offering best in class customer experience compared to traditional USSD through the MySafaricom App which had 2.5 million downloads with a 4.5/5 rating and 50% monthly active customers.

## OPENING UP NEW HORIZONS



With more people staying at home during the pandemic, interest in gaming rose. We responded by launching an online gaming competition for customers using our Games Lounge service. The 8-week MobiPlay Challenge saw customers compete on simple puzzle, arcade and action games with daily and weekly prizes as well as a grand prize up for grabs. Customers who subscribed to the daily KSh10 Games Lounge bundle, received a 50MB gaming pass to compete in daily and weekly challenges on the platform. The competition ran from 7th July 2020 to 4th September 2020, with 10 daily winners for 60 days, 5 weekly winners for 8 weeks and a grand prize winner. Our gaming customer base increased significantly from 180 000 to 520 000 by year-end.

## ENTERPRISE CUSTOMERS

As indicated in the table below, the increase in enterprise customers was largely driven by the uptake of mobile financial services and the uptake of digital financial services through merchant tills by SMEs which grew by 71%.

	FY18	FY19	FY20	FY21
Total number of enterprise customers	169 000	180 164	286 000	401 019
Total market share	67%	68%	70%	71%

We categorise 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) – less than 10 employees. LEs were affected by the negative impact of the COVID-19 pandemic on the tourism and hospitality industries, particularly in the first half of the financial year. Economic constraints translated into slow adoption of digital IoT and ICT related services by LEs and high value SMEs. However, this was balanced by the growth in SME/ SoHo customers driven by an uptake in payment solutions. As smaller businesses transitioned from workplace to workspace, the number of active connections also grew.

## MEASURING CUSTOMER SATISFACTION

### NPS AND BC SCORES

	FY18	FY19	FY20	FY21
Consumer NPS	70	61	59	65
Enterprise NPS	26	26	29	31
BC	60	63	70	81

We continue to use the Net Promoter Score (NPS) and Brand Consideration (BC) score to monitor customer satisfaction. Our ambition is to be number one in NPS among our competitors. 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.

Our consumer NPS improved significantly closing the year at number 2 among our competitors (previously number 3). This is largely attributable to the measures put in place to address customer pain points in accessing our products and services, good network quality and 'quick/ efficient customer service'.

The following categories showed steady improvement:

- The understanding and trust on how airtime is used.
- Transparency in billing.
- 'Always having a data bundle that is just right for me'.

M-PESA continues to be the biggest driver of promotion across the three enterprise customer segments.

Despite the positive results outlined above, we came in at number 2 when compared to our competitors. This is largely due to customers' perceptions that we are expensive, that our billing is unclear and that their data resources are exhausted faster when compared with other networks. With these findings in mind, we are working hard to enhance affordability.

Brand consideration improved by 11 points due to our strong and reliable network and the important role this played in keeping the country connected during the COVID-19 crisis. We also noted a slight increase in brand love driven by the support we gave to our customers to cushion them from the impacts of the COVID-19 crisis such as zero rating of transactions below KSh 1 000 on M-PESA. Innovations on mobile financial services also contributed to improved brand perception. Despite the improved brand consideration score, our customers still perceive our products and services as expensive, especially in light of constrained wallet size, leading to a decline in value perception. As part of our Customer Obsession journey, we will strive to enhance affordability and improve on transparency in billing.

## BEYOND 20 YEARS



In October 2020, we celebrated our 20th anniversary. To mark this important milestone, we celebrated our customers for loyalty shown over the past 20 years and their contribution to our success. We launched a brand refresh campaign dubbed 'Twende Tukiuke', which is a call to go beyond what is thought possible and excel.

As part of the celebrations, we awarded one free call of up to 20 minutes within a 30-day period to all our customers. We also launched an offer dubbed 20@20 through which our customers could purchase 20 minutes of call time and 20MBs at KSh 20, while for the next 90 days, customers purchasing personalized Tunukiwa voice offers received free 20 minutes to call across all networks. In addition, customers who had been on the Safaricom network for 20 years as well as those turning 20 in 2020 also received a free 20GB data bundle valid for seven days.

## CUSTOMER ENGAGEMENT

The main channels through which our customers engage with us are our call centres and self-service options.

## CALL CENTRE PERFORMANCE

Approximately 80% of our call centre staff transitioned to working from home during the pandemic. Despite this transition, we maintained and even improved our call centre performance. This was achieved by changing over 700 virtual desktop infrastructure (VDI) machines to laptops in November 2020 to assist in managing disruptions from power outages, thereby enhancing accessibility to customers.

As the data below shows, while the number of calls remained more or less constant, there was a significant improvement in the abandon rate, we surpassed our target which can be attributed to increased availability by our call centre staff. We made commendable progress in call centre NPS which was largely due to enhancements made in our self service channels. The percentage of calls answered within 20 seconds increased significantly, from 77% to 89%, as indicated in the table below. The duration of waiting time was seen as the main negative.

**CALL CENTRE PERFORMANCE**

	FY18	FY19	FY20	FY21
Abandon rate	18%	13%	14%	7%
Average number of calls answered weekly	112 271	98 815	99 800	98 251
Call answer rate	80%	86%	86%	84%
NPS (COPS, overall)	64	59	38	48
Service level (% of calls answered within 20 seconds)	73%	78%	77%	89%

**SELF-SERVICE CHANNELS**

To enhance availability, we continued expanding the self-service options available to our customers. Through the **456 M-PESA self-service portal**, 3.05 million transactions below KSh 250 were auto-completed, with 250 000 airtime reversals and 113 000 partial reversals also completed.

**CHANNEL PERFORMANCE**

	FY18	FY19	FY20	FY21
IVR (daily interaction)	47 000	86 000	114 851	119 937
Jitambulisha (enrolled customers, million)	0.5	1.5	3.4	8.3
MySafaricom app (total downloads, million)	2.1	3.6	5+	2.5*

\* The previous app was decommissioned in 2020 when the new app was launched, this figure represents downloads of the new app only.

**COVID-19 HELPLINE**

As discussed on page 8 of this report, our dedicated **COVID-19 helpline** continued to respond to pandemic-related queries. Details regarding the helpline can be found in the infographic below.

**COVID-19 UPDATE**

Toll-free information centre handling queries on pandemic and raise escalations to the Ministry of Health (MOH) from the public.



**IVR HITS**  
**4 989 796**



**IVR SELF SERVICE**  
**2 680 954**



**CALLS OFFERED**  
**506 552**



**ABD @ OFFERED**  
**5%**



**DISTINCT CALLERS**  
**1 824 259**



**USSD SERVICE**  
**39 856 553**



**CALLS ANSWERED**  
**478 912**



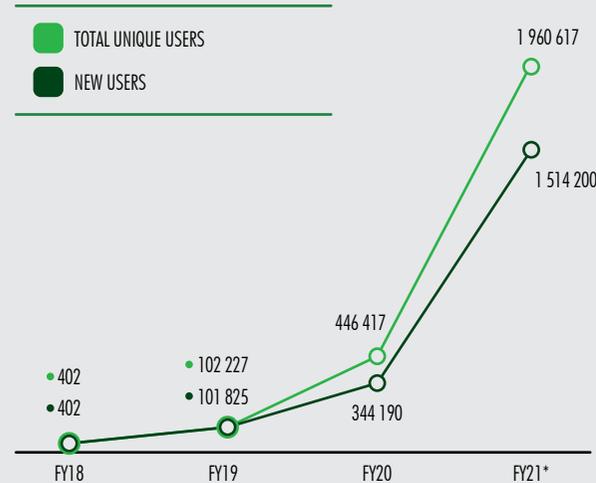
**SERVICE LEVEL**  
**100%**

Our **Interactive Voice-Response (IVR)** saw increased usage especially among our 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. In FY21, the IVR was reviewed to shorten route to human interaction options on the top IVR menus and allow customers to explore the self-service options before taking them through to agents. IVR interactions increased by 10% year-on-year to 119 937.

**Jitambulisho** is an enhanced voice biometric service that allows our customers to enrol their voice and use it for identification to access various services such as accessing their Personal Unlocking Key (PUK). In FY21, there were six million voice biometrics level 1 enrolments and 2.3 million voice biometrics level 2 enrolments.

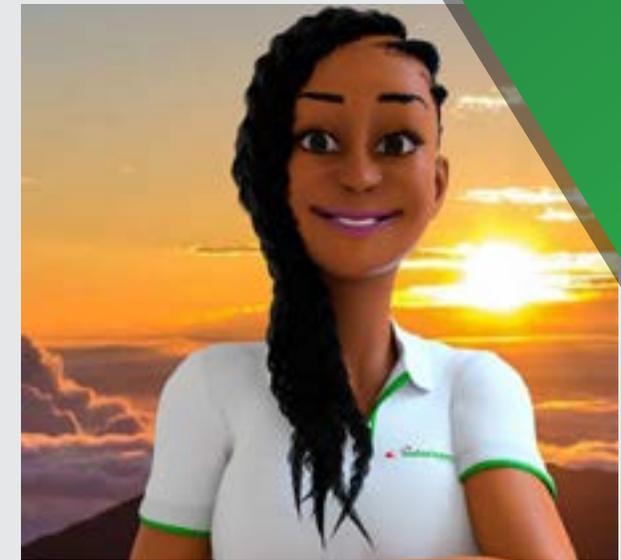


### ZURI AT A GLANCE



\* As at 31st March 2021

	FY18	FY19	FY20	FY21
Total interactions (daily average)	-	349	1 567	10 366



Our Virtual Assistant, **Zuri**, executes easy-to-complete tasks that don't require human input, ranging from airtime top-ups to accessing PUK numbers and reversing M-PESA payments. With daily user interactions now standing at approximately 10 366, ZURI is now available on Messenger, Web, Telegram and WhatsApp.

### FUTURE FOCUS

- Customer Obsession: Provide tailored offers for our customers to address concerns on value and affordability. We will also continue to work on enhancing transparency in billing.
- Scale our penetration in the MSME/SOHO space.
- Further develop solutions that drive business and operational efficiencies for our customers (IoT, cloud and hosting solutions and reliable internet services).
- Work to improve our Customer NPS and BC scores by leveraging our customer data.





In line with our commitment to 'Standing Together', our business plays an important role in the lives of the members of our society. We remain committed to ensuring inclusive and equitable access to healthcare, particularly by promoting maternal and child health (SDG3). In addition, we operate several wide-ranging initiatives across the education value chain (SDG4) and economic opportunities for all (SDG 8) through our Foundations and partnerships (SDG17). We also seek to use our thought leadership position and various platforms in Kenya to drive engagement and action on sustainability and the SDGs.

## OUR HIGHLIGHTS

- Over 1.2 million lives positively impacted through the Safaricom and M-PESA Foundations.
- Successful launch of Phase 2 of Ndoto Zetu - Kenyans' Dreams Fulfilled, 328 projects implemented which impacted the lives of 1 178 756 people in 46 counties.
- In recognition of the importance of the private sector's contribution to the SDGs, we launched the Safaricom Sustainable Future thought leadership series.
- Achieved 90% automation of the grant making process which facilitates the receipt, tracking and timely feedback of proposals.
- We signed an MOU with the United Nations Children's Fund (UNICEF) in November 2020 to jointly advocate for children's rights.
- Continued to support the #MyLittleBigThing initiative which aims to catalyse social entrepreneurship among young people through the development of ideas that will help find the best home-grown solutions for Africa's development challenges.
- Our CEO was appointed to the board of the Global Compact Network Kenya (GCNK).

## ISSUES FOR SOCIETY

- Negative economic and social impact of COVID-19.

# SOCIETY

## TOWARDS A MORE INCLUSIVE SOCIETY

Although the Kenyan economy has been growing rapidly since 2005, it is evident that more needs to be done to promote a more inclusive society. Kenya ranked 84th out of the 107 countries with sufficient data to calculate 2020 scores in the 2020 Global Hunger Index <sup>1</sup>. With a score of 23.7, Kenya is classified as having a level of hunger that is serious and depicts the extent of inequality in the country. We believe that education, health, economic empowerment and environmental conservation are avenues through which to address this.

We engage both formally and informally with all levels of society, particularly the most marginalised, to understand their needs and priorities. Part of our work to transform lives throughout Kenyan society takes place through corporate social investments by the Safaricom and M-PESA Foundations. The strategy for the two Foundations is anchored on our Transforming Lives strategy and our commitment to SDGs 3, 4 and 8. Our aim is to promote a stable, inclusive society with equal opportunities for all.

The initiatives on the following pages provide an example of how we create positive benefits and are a brief snapshot of the type of projects in which we are involved.

<sup>1</sup> <https://www.globalhungerindex.org/kenya-alt.html>

## OUR RESPONSE TO COVID-19

Provision of:

- Personal protective equipment for health workers impacting over 5 000 health workers.
- Clean water, handwashing soap, sanitisation booths, soap impacting 1 65 000 people.
- Smartphones and airtime to enable online learning impacting 4 350 young learners in informal settlements.
- Food hampers to families worth over KSh 200 million.
- Six Thousand Strong for the Community Initiative – Safaricom staff-driven initiative to donate to COVID-19 relief kitty through cash or Bonga points. The drive raised KSh 4 million which went into purchasing food packs for over 2 500 families.

## SAFARICOM AND M-PESA FOUNDATIONS: PERCENTAGE SPEND AND BENEFICIARIES BY FOCUS AREA

	FY18		FY19		FY20		FY21	
	Spend	Lives	Spend	Lives	Spend	Lives	Spend	Lives
Health	24%	245 507	27%	88 246	40%	367 641	22%	633 284
Education	28%	46 076	52%	51 413	52%	106 208	65%	397 818
Economic empowerment	36%	-	14%	5 415	5%	14 555	3%	155 000
Disaster response	1%	300	2%	5 000	-	495	9%	13 800
Environment	2%	72 500	0%	5 000	2%	-	1%	47 226

## EDUCATION

In 2018, the World Bank ranked Kenya the top African country for education outcomes (1st out of 43 mainland countries). Nevertheless, there are still certain educational gaps which our Foundations strive to fill.



## SAFARICOM FOUNDATION EDUCATIONAL INITIATIVES



- The **Accelerated Learning Programme (ALP)** is a partnership between the Zizi Afrique and Safaricom Foundations. The programme is being implemented in Bungoma, Turkana and Tana River counties and aims to support learners lagging behind to acquire foundational literacy and numeracy skills within a short period of time. To achieve this, ALP has deployed both low and high-end technology:

- Low-tech: Radio programmes are used during periods of school closure as a strategy to foster continued learning at home as well as enhance parental involvement.
- In Bungoma, the programme is piloting the use of 1 200 tablets for improved numeracy and literacy levels. The tablets are loaded with Ministry of Education content and are accessible for children to learn in groups.

To date, the programme has impacted 6 966 learners.

- An analysis by the Kenya Higher Education Loans Board shows that technical skills are in high demand, with employability standing at 96% for people with **Technical and Vocational Education and Training (TVET)**. Safaricom Foundation's TVET programme – launched in FY20 – focuses on plumbing, welding, food and beverage and electrical engineering. Under the programme, the Foundation opened a new and improved ICT-enabled skills centre at the Waitthaka Vocational Training Centre in Nairobi. The institution was refurbished at a cost of KSh 28 million including modern ICT equipment for the computer lab together with equipment for the plumbing, welding, electrical engineering and the food and beverage departments. In addition, scholarships were provided to over 700 students across various TVET institutions in the country. The centre in Waitthaka will see 200 students supported over the next two years with the remaining 500 spread across 11 other institutions.

## M-PESA FOUNDATION EDUCATION



Many girls are not able to access menstrual hygiene products with statistics indicating that 65% of women and girls in Kenya cannot afford them while 42% of school-going girls have never used sanitary pads. This impacts on educational outcomes: Statistics indicate that girls miss 13 learning days in a term when they miss four days a month because of their periods.

For the second year running, the M-PESA Foundation, in partnership with the Ministry of Education, operated a **Keeping Girls in School initiative** to support girls' education and ensure that they live in dignity. This programme saw three months' supply of sanitary towels distributed to over 180 000 girls in public schools across the country.

The sanitary towel distribution drive is part of M-PESA Foundation's KSh 44 million menstrual hygiene programme launched in December 2020 as part of Safaricom's 20th anniversary celebrations. The programme's other element, executed with a different partner, includes providing another 30 000 teenage girls in Murang'a, Siaya and Kilifi Counties and 10 000 boys with sexual and reproductive health education as well as innerwear, sanitary towels and bar soap.

## ECONOMIC EMPOWERMENT

The Safaricom Foundation's **Wezesha programme** seeks to empower the youth and women through skills training to enable them access economic opportunities. The programme is being implemented in partnership with Generations and Cloud Factory. The programme comprises of the following:

- The Wezesha Generation Programme aims to provide unemployed youth aged 18 – 35 across the country with job-ready skills in financial services sales, distributed sales, retail and restaurant services, sewing machine operation and customer service. A total of 279 youth graduated in 2020 against a three-year target (2018-2021) of 1 634 student enrolments into the training programme. The target is lagging due to the inability to access remote learning because of the COVID-19 pandemic.
- **Wezesha Agri** aims to empower the youth and women by supporting them with access to farm inputs, learning content and the required land infrastructure. Close to 800 youth in Oloitokitok, Kajiado County have benefitted from the agribusiness programme. There are four value chains supported in Oloitokitok. Beans and sunflower will be rain fed while tomatoes and onions which are high value chains will be grown under furrow irrigation. Since inception, Wezesha Agri has impacted 576 youth and 129 women have been trained in high-value crops farming. Another 50 young women in Bungoma are also being supported in poultry farming.

- Participants have access to input loans of between KSh 5 000 – KSh 20 000 depending on the value chain with those producing high value crops also receiving financial support to increase access to water and improve irrigation systems.



- Additionally, the programme provides the farmers access to a guaranteed market for their produce at favourable rates. The pilot programme had been running for five months at year end with a view of scaling it up to other parts of the country thereafter.
- The Safaricom Foundation has partnered with digital workforce firm **CloudFactory and Generation Kenya**, independent non-profit organisations in a programme to empower youth with necessary digital skills in today's tech workplaces. Potential candidates undergo a competitive interview process to secure places on a two-week intensive digital training course run by CloudFactory Kenya. CloudFactory training was paused in March 2020 due to COVID-19 and resumed in September 2020 when the virtual training of 40 youths was piloted.

## HEALTH



An estimated 478 000 Kenyans are living with diabetes, 60% of whom are unaware while it is estimated that the number of children living with diabetes is increasing at a rate of 3.5% annually. Against this backdrop, the Safaricom Foundation's **Non-Communicable Diseases Programme** in Garissa County screened 2 042 children for diabetes, of whom 146 individuals were enrolled in the diabetes management programme. In addition, a total of 157 Community Health Volunteers (CHVs) received training.

The Safaricom Foundation's **Afya-Uzazi Salama** programme is a partnership with PharmAccess Foundation that focuses on improving health service delivery infrastructure, building skills of health workers, enhancing community-based information and education and health care financing.



In FY21, the Foundation built a new maternal high dependency unit and a newborn unit at Baringo County Hospital at a cost of KSh 11 million. The Foundation also invested KSh 7.3 million in a newborn unit and new borehole at Barwessa Health Centre in Baringo County.

LIVES IMPACTED BY HEALTH INITIATIVES IN FY21

NON-COMMUNICABLE DISEASES PROGRAMME IN GARISSA COUNTY



2 042

children screened of which...



146

...were enrolled to the programme and are actively receiving diabetes-related information



157

CHVs trained



2 199

Total number of people impacted

AFYA-UZAZI SALAMA IN LAMU AND BARINGO COUNTIES



14 599

skilled deliveries



15 289

children immunised against mumps, measles and rubella



9 014

pregnant women attended 4th ante-natal visits



38 902

total number of women and children impacted



NDOTO ZETU PHASE 2



Ndoto Zetu, one of the Foundation's philanthropic partnerships, aims to support individual Kenyans who are keen to make an impact in their communities through social investments. Through the initiative, Safaricom Foundation asks Kenyans to share the dreams and aspirations that they hope to realise in order to have a positive impact on their communities. In FY21, phase 2 of the initiative touched the lives of 257 236 people in 47 counties, being an improvement from phase 1 that benefited 86 269.

	Phase 1	Phase 2
Spend (KSh million)	50	70
Lives impacted	86 269	257 236



## HELPING WOMEN SUCCEED IN THE TECHNOLOGY SPACE

Recognising that there are still barriers to women taking up a career in technology, we are committed to supporting young women and girls succeed in the technology space. Our Women in Technology (WIT) programme is comprised of passionate women from Safaricom's technology-driven divisions dedicated to inspiring women from different backgrounds to take up STEM subjects and advance their careers from the classroom to the boardroom. Some of the initiatives under WIT include: technology internships, high school mentorship visits and Kids-Go-Tech – an initiative which teaches technology to children aged 5-13 by introducing them to the use of interactive kits/tools that simulate real world objects and robots that move, light up and make sounds. WIT also offers mentorship services to women to grow in their careers through monthly, quarterly and annual organised forums.



### CODE YETU INITIATIVE

Kids-Go-Tech Code Yetu is a coding club that teaches children aged between 6-15 years from various children's homes basic coding and gaming with Scratch, App and Web Development. We executed two sessions for kids in a hybrid setup between Covid-compliant physical sessions in children's homes and online. A total of 103 kids participated and were trained on Robotics, Gaming, Web development and Making art.

## SAFARICOM SUSTAINABLE FUTURE SERIES



Kenya, in common with many other developing countries, is lagging in the achievement of key SDGs. According to the 2020 country SDGs index rankings, Kenya emerged in position 123 out of 193 members of the UN with notable progress on only 2 out of the 17 SDGs; Climate Action and Decent Work and Economic Growth<sup>3</sup>. At the current pace, Kenya risks missing out achieving its key aspirations by 2030 such as achieving food security, universal health coverage and reducing the unemployment levels among the youth.

To achieve the SDGs, we must take collective action by consistently engaging like-minded business partners and spurring actions geared towards achievement of the goals.

To catalyse the change needed, we launched the Safaricom Sustainable Future Series in October 2020, which is a thought leadership platform for business leaders on various sustainability related issues. In the first two editions of the series we hosted over 50 business leaders for discussions on the role of businesses in building more resilient societies and support the achievement of the Sustainable Development Goals during the Decade of Action on SDGs. Going forward we plan to host the series every quarter.

<sup>3</sup> <https://www.linkedin.com/pulse/how-businesses-can-become-powerful-force-sustainable-goals-ndegwa/>

## PARTNERING WITH UNICEF IN ADVANCING CHILDREN'S RIGHTS



We are committed to upholding and protecting children's rights in our operations, products and services as outlined in our Children's Rights Policy. In November 2020 we renewed our partnership with UNICEF by signing an MoU which outlines our areas of collaboration in advancing the children's rights. Through our new partnership framework, our joint efforts will focus on:

### Joint advocacy on children's rights issues:

Enhance our Child Rights business policy and practice to positively impact children and to advocate for change in the private sector in Kenya.

### Access to equitable and inclusive education:

In line with SDG4, the partnership aims at improving the quality and equity of education in Kenya by increasing the use of digital literacy project tools to support a sustainable change in the digital learning ecosystem such as the Last Mile Connectivity Project, a Government initiative which aims to ensure everyone has access to electricity.

**Communication for development:** This focuses on reaching the targeted public in Kenya with key information messages on issues affecting children in order to drive behavioural change through campaigns.

## PARTNERSHIP WITH ACUMEN ON EAST AFRICA FELLOWSHIP PROGRAMME



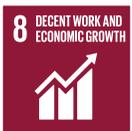
We partnered with Acumen in the East Africa Fellows programme whose objective is raising the next generation of leaders committed to social impact. Of the 15 fellows, two were Safaricom staff members. In April 2020, Acumen hosted its first bespoke *Polarities* session for 20 Safaricom employees. In November and December 2020 two more sessions were held for 30 employees in total. Both Acumen and the Safaricom HR team have learned a lot during these three sessions ranging from what it takes to recruit the right participants, to how to create high levels of engagement on a virtual platform. In May 2020, Joseph Ogutu, Chairman of the Safaricom Foundation and Jacqueline Novogratz, CEO of Acumen, held a fireside chat highlighting Safaricom's efforts during COVID-19, together with the latter's new book *Manifesto for a Moral Revolution*. The session was very well received with over 100 attendees across East Africa and from as far as Bogota and New York.

## FUTURE FOCUS



- Continue our focus on strategic support to society to cope with hardships brought about by the COVID-19 Crisis.
- Launch Ndoto Zetu Phase 3.
- Promote sustainability thought leadership through quarterly engagements under the auspices of the Safaricom Sustainable Future Series.
- Implementation of the various partnership initiatives under the Safaricom UNICEF MoU.





We are an equal opportunity employer, actively recruiting talent from diverse backgrounds to ensure a workforce that’s reflective of the communities that we serve, focusing on women in leadership and prioritising People with Disabilities (SDG10). We prioritised the health and safety of our employees during the COVID-19 crisis (SDG3) and promote effective health and safety practices (SDG8).

### OUR HIGHLIGHTS

- Through one #1MoreSkill campaign 81% of our people took online courses achieving 46.42 hours of learning per employee overall.
- Improved scores on key metrics on employee engagement on SEMA survey.
- We supported our staff to transition to work from home (70% of all staff, 80% call centre staff), and sustained high levels of engagement and productivity.

### ISSUES FOR EMPLOYEES

- The engagement survey highlighted that our employees believe collaboration between teams should be improved.

### SUPPORTING OUR EMPLOYEES DURING THE COVID CRISIS.

- We zero rated calls between our staff members to enhance collaboration during remote working.
- We provided 24/7 COVID-19 hotline for our staff to reach our case management team in case they developed COVID-19 related symptoms. We also set up an SMS based COVID-19 motoring tool for staff wellness check in which was sent out every Monday and Friday.
- We provided voluntary COVID-19 testing for staff and dependents with over 6000 tests conducted.
- To help our staff cope with impacts of COVID-19 lockdowns on mental health, we set up a team of counselling psychologists and held over 300 team counselling sessions and more than 2 600 individual counselling sessions.
- We sustained high staff engagement through regular communication on business updates conducted via CEO townhalls, weekly culture forums and quarterly storytelling sessions.

## EMPLOYEES

### DRIVING PARTICIPATION IN OUR TRANSITION TO A TECHNOLOGY COMPANY

We are committed to becoming the best place to work and to building a future fit talent and agile organisation. Our people are central to our ambition of establishing a Customer Obsessed, digital-first organisation and ultimately becoming a purpose-led technology company. In FY21, we cascaded our new business strategy throughout the organisation so that all our people share an understanding of how we are transforming from a telco to a technology company and their role in the delivery of the strategy.

### EMPLOYEE DIVERSITY

In line with our commitment to SDG10: Reduced Inequalities, our aim is to promote a diverse, inclusive workplace, free from any form of discrimination. We are an equal opportunity employer, actively recruiting talent from diverse backgrounds to ensure a workforce that’s reflective of the communities that we serve. We strive to create a work environment where employees are empowered to thrive and grow regardless of gender, disability, race, age or any other dimension of equality. Our overall gender split remained balanced at 50:50 but declined significantly at executive leadership level and slightly at senior management to close the year at 11% for the executive leadership and 34% for the two categories combined. This drop was due to women at executive and senior management level moving to take high level roles in other organisations. We are working to redress the situation through our Safaricom Mowgli Mentorship programme and Paa Dada initiative. To further accelerate the achievement of our aspirations on diversity, we have mainstreamed gender diversity targets into performance targets of our senior leadership team.

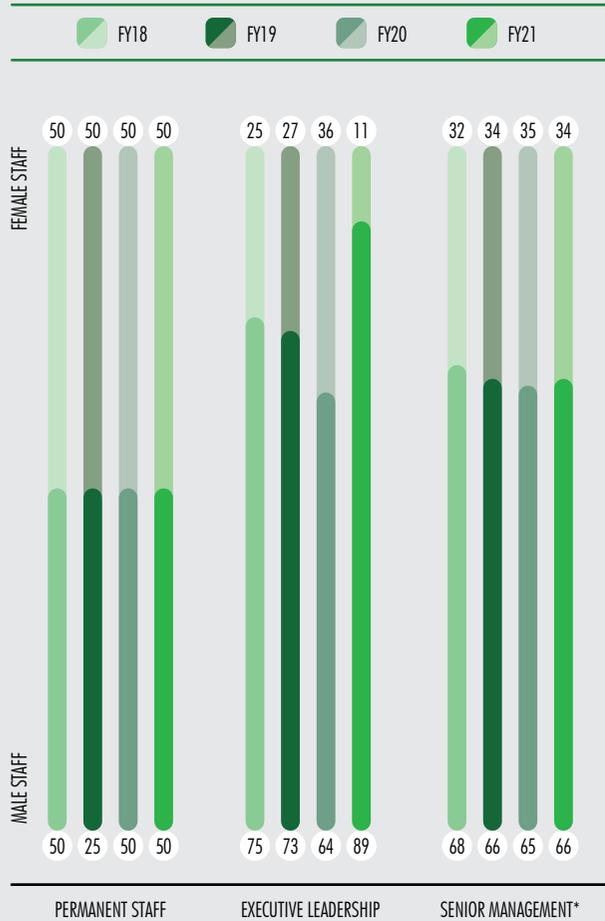
### OUR WORKFORCE DEMOGRAPHICS

	FY18	FY19	FY20	FY21
Number of permanent male employees	2 190	2 251	2 278	2 246
Number of permanent female employees	2 186	2 252	2 237	2 210
Total number of permanent employees	4 376	4 503	4 515	4 456

*The decrease in our staff numbers during the year is largely due to staff turnover. In a number of instances where staff resigned, their roles were subsequently deemed redundant or merged with others and they therefore did not need to be replaced. These changes were aligned to achieving efficiencies with regards to the shifts that were brought about by working from home.*



**EMPLOYEES BY GENDER (PER CENT)**



\* Excludes executive leadership

**WOMEN IN LEADERSHIP PROGRAMMES**

**PAA DADA INITIATIVE**

Workplace mentorship has been shown to be effective in developing and retaining top talent, thereby strengthening an organisation’s leadership pipeline at both the senior and junior levels. Conducted with an external third party, Safaricom Mowgli Mentoring encourages mentees to explore ideas, set clear goals on career growth and take steps towards them, build their confidence and communicate more effectively



The Paa Dada initiative aims to support and fast-track the careers of the women in our organisation. This includes the annual Women in Leadership (WIL) programme, through which a group of female members of staff acquire leadership and career management skills at Strathmore Business School, a leading private university in Kenya. We sponsored 50 women to attend the programme in FY21.

**GROWING GENDER DIVERSITY IN OUR TECHNOLOGY TEAM**

When fewer women choose a career in technology, this means there are fewer women available to for recruitment, especially in core technology roles. This in turn leads to a talent pipeline issue. We remain committed to growing the number of women in our technology team which remains at 24%. Through initiatives such as Women in Technology (WIT) we hope to create a talent of pool of women opting for technology-based careers.

**PERCENTAGE OF WOMEN IN OUR TECHNOLOGY DIVISION**

Target FY21	FY19	FY20	FY21
30%	23%	24%	24%

**SUPPORTING PERSONS WITH DISABILITIES**

As part of our commitment to being an equal opportunity employer, we continue to actively recruit and retain Persons with Disabilities (PWDs). In order to mainstream the inclusion of PWDs in our workforce, we have set related quotas for this under the Discover, Contractor, Liquid workforce, Interns and Permanent (DCLIP) categories of recruitment. The progress in achieving our targets remains slow (as shown in the table below). However, we are working with disability organisations to identify and nurture talent at early stages to meet our future recruitment needs.

**PERCENTAGE OF PWDs IN OUR ORGANISATION**

Target 2025	FY18	FY19	FY20	FY21
5%	1.7%	2.1%	2.3%	2.6%



## INTERNAL LABOUR MARKET MAP

The table below describes the movement of employees within and outside the organisation during the year as compared to the previous years. The percentages in the table represent the proportion of the staff population at that career level and gender and not the proportion of the total staff population.

As the table illustrates, staff movements remained fairly stable with employee turnover dropping to a four-year low at 3.3%. This can be attributed to the wider impacts of the COVID-19 crisis which impacted on the career options available. Despite the decline in overall staff turnover, a number of female employees in senior and middle management exited, opting to pursue other career interests elsewhere which dented the progress made in achieving gender parity at all levels. This change also saw an increase in new hires for female employees in senior management to replace the exits.

Career level		Female staff			Male staff		
		Senior management	Middle management	Entry level	Senior management	Middle management	Entry level
Hires	FY18	7.80%	6.40%	-	5.30%	7.80%	25.80%
	FY19	2.10%	5.40%	6.40%	2.90%	6.70%	11.00%
	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%
Internal mobility	FY18	1.10%	5.30%	2.10%	-	-	-
	FY19	2.10%	4.60%	6.20%	7.30%	3.90%	7.80%
	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%
Laterals	FY18	17.80%	10.50%	2.60%	9.20%	7.40%	2.40%
	FY19	15.50%	5.70%	2.30%	11.70%	6.30%	1.90%
	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%
Voluntary exits	FY18	7.80%	4.20%	2.70%	4.90%	4.20%	3.60%
	FY19	6.20%	2.80%	2.40%	5.80%	3.40%	3.00%
	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%
Total exits	FY18	7.80%	4.70%	5.70%	5.80%	5.20%	8.30%
	FY19	9.30%	3.60%	5.20%	8.30%	7.00%	5.90%
	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%

## EMPLOYEE ENGAGEMENT

We measure morale through the Employee and Manager Engagement Indexes (part of our SEMA Survey) and staff turnover rates. The two indexes measure how employees and managers view the organisation by which they are employed, the level of connection and commitment they feel to the organisation, and how passionate they are about their jobs. While a certain level of staff turnover is required in any organisation to bring in new skills and new ideas, an unusually high level would indicate a problem.

In FY21, both the employee engagement and manager index increased, while staff turnover declined. The increased staff morale was largely driven by enhanced openness in communication and engagement between staff and senior leadership especially in light of the uncertainties brought about by the COVID-19 crisis. The sustained low staff turnover is attributed to the measures we have put in place to make our organisation the best place to work through improvements made in the work environment and enhanced employee value propositions.

### EMPLOYEE MORALE

	FY18	FY19	FY20	FY21
Employee engagement index (%)	90	96	89	92
Manager engagement index (%)	87	84	89	90
Staff turnover (%)	5.4	5.7	5.0	3.3

“In FY21, both the employee engagement and manager index increased, while staff turnover declined.”

## MAINTAINING EMPLOYEE ENGAGEMENT DURING COVID-19

The COVID-19 crisis had a wide range of impacts on workers globally, especially in sustaining engagement, collaboration and high levels of productivity. As the majority of our employees transitioned to work from home we had to step up efforts geared at ensuring sustained engagement:



**2 400 staff** participated in **11 education webinars** on physical and emotional health during the crisis.



**Ten CEO Staff Engagement Webcasts** held to provide business updates on changes occasioned by the roll out of the new strategy and our customer obsession journey with **over 15 694 staff views**.



**Five COVID-19 pulse surveys** conducted to assess staff mood and mental wellbeing with four of the surveys recording over **71% staff participation**.



Our **Bonga Na Peter platform** encouraged interaction between our employees and our CEO. Over **100 issues** ranging from employee experience to customer/product related comments have been **raised and responded to** since the platform was reintroduced in June 2020.

## 2021 SEMA SURVEY

The SEMA survey is a census survey conducted every year. It measures all themes related to the Employee Experience, as well as measuring how the company's culture (the Safaricom Spirit) is being lived, and progress on Customer Obsession. Participation in the FY21 survey registered great improvement. Out of 4 426 people who were invited to give their response, 93% responded, hitting an all-time high against 89% in 2019/20. Since the last survey, results have significantly improved in 15 out of 19 themes measured.

The survey results indicate that 92% of staff in Safaricom are engaged compared to 89% reported in FY20. In addition, 93% are happy, while 89% are excited about the future and 93% are likely to recommend Safaricom as a great place to work. We are making significant progress in terms of challenging the status quo which has increased by 9% since the last survey, with satisfaction

with how decisions are made up by approximately 8%. The Spirit of Safaricom has gained traction, as 98% of staff are clear on the behaviours expected of them under this drive, while 84% (a 6% improvement) of people are clear about how the SDGs relate to performance goals. Significantly more people (77%) see our leaders role-modelling the Code of Conduct.

Eighty five per cent of people feel that diversity and inclusion (D&I) is celebrated in Safaricom, and 86% feel they are comfortable being themselves at work, 24% above the Kenyan national norm. People feel fairly compensated, that their manager shows genuine interest in their wellbeing – 16% above the Kenyan benchmark and 9 out of 10 people feel they have the resources they need in their work, well ahead of external benchmarks.

However, only 66% of people feel free to speak their mind without fear of negative consequences and a culture of experimentation could be further encouraged. 'Empowerment to take decisions' still trails the Kenya national norm. People welcome the new agile mindset, but more work needs to be done to remove traditional barriers to the way work is done, and keeping processes simple and clear, for both employees and customers. A quarter of our people still need to be convinced of the proposed change programme, that leaders will help remove obstacles and that Safaricom has a good record in driving change.

## 2021 SEMA SURVEY SUMMARY

### ENGAGEMENT INDEX

92%

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

 **FY20: 89%**

### DIVERSITY AND INCLUSION

85%

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

 **FY20: 83%**

### COMMUNICATIONS

85%

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

 **FY20: 81%**

### CAREER DEVELOPMENT

84%

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

 **(FY20: 81%)**

### WORK ENVIRONMENT

81%

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

 **FY20: 80%**

### ETHICS AND INTEGRITY

75%

of our members of staff believe that our business is run ethically, with high levels of integrity

 **FY20: 70%**

### CSR

89%

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

 **FY20: 88%**

### HEALTH, SAFETY AND WELLNESS

88%

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

 **FY20: 85%**

### SPIRIT INDEX (OVERALL)

98%

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

 **FY20: 91%**

### SPIRIT - CREATE THE FUTURE

80%

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

 **FY20: 74%**

### SPIRIT - EARN CUSTOMER LOYALTY

84%

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

 **FY20: 84%**

### SPIRIT - GET IT DONE TOGETHER

77%

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

 **FY20: 73%**

### SPIRIT - LEARN FAST, TOGETHER

75%

of our members of staff believe in the 'fail fast' approach to innovation and learning

 **FY20: 76%**



## TRAINING AND CAREER DEVELOPMENT

In order to establish a future fit talent and agile organisation, we need to equip our people with skills for the future in readiness for the transition from a telco to a purpose-led technology company. To support our staff in upskilling we have identified the key fit for future skills and mapped them according to current levels of competence and existing gaps. This will guide us in prioritising the key skills needed where gaps exist.

In FY21, the investment in staff training declined significantly due to COVID-19 since it was not possible to have classroom-based training which is more costly when compared to virtual training. To reflect the shift to virtual training platforms such as Safaricom Business School (SBS), we will be tracking the average number of hours of training per employee. In FY21, we achieved 46.42 hours per employee and surpassed the target of 40 learning hours. During the year, 67.2% of staff completed at least one future skills course on SBS and Instructor Led Training. The top five digital skills completed by staff were Agile, Design Thinking, Data Science & Analytics, Storytelling and IOT.

### TRAINING: INVESTMENT AND ATTENDANCE

	FY18	FY19	FY20	FY21
Average number of training hours per employee	-	-	-	46.42
Investment in staff training (KSh million)	298.7	310	273	128
Average training index*	83%	83%	81%	81%

\*Percentage of people attended training during the year.

## SAFARICOM DIGITAL ACADEMY

The Safaricom Digital Academy is a re-skilling initiative aimed at accelerating future digital skills readiness across the business as we transition into a purpose-led, Customer Obsessed, digital-first technology company.

The programme comprises of a blended, staggered learning approach that encompasses a mix of self-paced learning, peer learning, experiential learning, mentorship and virtual classroom training. It is delivered in an agile way and the participants are expected to work on projects that address real business problems.

In FY21 we identified 115 learners for Safaricom Digital Academy Cohort 3. The selection was aligned to the 20 digital skills we have prioritised in order to drive our aim of becoming a technology company. Learners from cohorts 1 and 2 are digital change agents within their functions and are actively applying the skills learnt from the Academy within their roles.



## #1MORESKILL CAMPAIGN

In the year under review, we launched the #1MoreSkill campaign which aims to accelerate upskilling and re-skilling of our staff with the digital skills needed to take us into the future. Our ambition is to have 100% of staff upskilled on at least one digital skill and 70% of our digital roles filled by internal candidates by 2025. The campaign also seeks to support our efforts in transitioning to agile ways of working – an important component in our Customer Obsession journey.

## OUR CULTURE: THE SPIRIT OF SAFARICOM

Culture plays an important role in shaping the behaviour and attitudes of our employees and thereby, overall success. We are committed to ensuring all our employees live the purpose and Spirit of Safaricom by role modelling the spirit elements of Customer Obsession, Purpose, Innovation and Collaboration. We have aligned the Spirit of Safaricom as a key enabler to the Safaricom five-year strategy and in FY21 we rolled out the Spirit through a three-phased approach: Make It Clear/Known, Make It Real and Happen, and Make It Stick.

### PROMOTING THE SPIRIT OF SAFARICOM IN FY21

#### FOUR SPIRIT BELIEFS



Drive



Trust



Curiosity



Belong

#### FOUR SPIRIT BEHAVIOURS



We create the future



We earn customer loyalty



We experiment and learn fast



We get it done together

**53 employee webinars** held on various employee engagement focus areas and **289 participants** per session **on average**

**6 staff challenges** on Yammer, to bring fun to the workplace

**3 quarterly Spirit storytelling sessions** held on the spirit elements of Purpose and Collaboration

**Monthly customer story day ritual** focusing on Customer Obsession

**4 quarterly leadership forums**

Customer Obsession **internal innovation hackathon**

**Safaricom@20 celebrations**

**586 participants** in the quarterly and annual heroes' event

**5 individual heroes** and **10 teams celebrated** in the annual heroes event

## HEALTH, SAFETY AND WELLBEING (HSW)

We take our responsibility to maintain a safe working environment for staff and our business partners seriously. Road safety remains an area of focus and we continued with our road safety awareness campaigns, a three-card penalty system and 'Tea with the CHRO' (Chief Human Resources Officer) initiative for journey management offenders. Our entire fleet of 458 fleet vehicles is currently fitted with telematics which enables better monitoring of driver behaviour and adherence to our road safety related Absolute Rules.

Regrettably, we had three incidents of fatalities involving third parties as follows: one pedestrian fatality, one fatality involving a boda boda (motorcycle taxi) rider and one fatality due to fall from height. In response we have committed to conduct a national sensitisation campaign on road safety targeting boda boda riders.

We were pleased to note a reduction in the number of lost time injuries and incidents overall. Our HSW Annual Plan is focused on inculcating a zero-harm culture including:

- Enabling increased reporting through institutionalising daily direction setting meetings amongst suppliers
- Holding safety moments in all operational meetings
- Supporting no-fault reporting and assuring confidentiality
- Providing rapid and useful feedback on reports
- Enhancing channels of reporting to ease the process.

To enhance contractor safety, we have classified our suppliers and contractors into safety tiers. Currently we use 119 tier 1 suppliers who are classified as high risk because of the nature of the work they do, including driving, any work at heights (installation of towers), power installations and street and underground trenching fibre operations. We are alert to the possibility of standards not being cascaded down to subcontractors. We continue to work with our contractors to ensure they understand, and comply with the health and safety standards we expect from them and their subcontractors. We use our quarterly engagements with suppliers and the annual supplier forum to address these issues and have offered further training and support.

## TOTAL OSH-RELATED INCIDENTS

	FY18	FY19	FY20	FY21
Fatalities	0	2	1	3
Lost Time Injuries (LTIs)	5	2	14	9
Incidents	158	150	175	136
Medical treatment cases	22	20	18	19
Man-hours (million) - employees only	12	12.3	11.9	11.5
Fatal Injury Frequency Rate (FIFR)	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0.017	0.016	0.017	0

\* Only Safaricom employee man-hours tracked hence FIFR and LTIFR tracking at zero

## FUTURE FOCUS



- Meet our FY22 employment diversity targets of 38% women in management and 3.3% PWDs respectively.
- Conduct a company-wide refresh on our eight Absolute Safety Rules to enhance employee safety.
- Mainstream agile ways of working throughout the organisation.
- #1MoreSkill – achieve 60 hours of learning per employee.
- Deliver on the health, safety and wellbeing plan developed for FY22 which is based on four pillars:
  - Positive safety culture
  - 100% home safe
  - COVID-19 response
  - Support a future-ready Safaricom.



## OUR HIGHLIGHTS

- We partnered with GSMA to sponsor the Policy Leaders Forum at the virtual GSMA Thrive Africa conference in September 2020. Stakeholders from government, regulatory bodies and operators met at this forum to discuss policy issues affecting the industry.
- Even with the switch from physical meetings to the use of virtual platforms, we managed to keep the channels of communication open.

## ISSUES FOR REGULATORS

- Governance of financial products and services.



# REGULATORS

## ENGAGING IN DIALOGUE

Regulators play a critical role in our business. In our industry, the regulator ensures that the products and services we offer are structured in a responsible, ethical and environmentally sensitive manner, thereby helping us maintain and strengthen our commitment to the UN SDGs. As an example, the Communications Authority (CA) of Kenya advocates for the adoption of green energy when rolling out towers and sharing of infrastructure to reduce overall impact in the ecosystem (SDG7: Affordable and Clean Energy).

We provide our customers with adequate information and support to access and enjoy our services, while respecting their rights within regulatory stipulations. We understand the need to compete for business fairly and to play our part in helping to empower and transform the lives of Kenyans through innovation and investment.

We are overseen by eight regulatory authorities and our chief regulator is the CA, which is the regulatory authority for the Information, Communications and Technology (ICT) sector in Kenya.

Our ongoing engagement with regulators ensures that upcoming policies, regulations and regulatory interventions do not undermine our existing products or services. Our interaction with our 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.

## THE REGULATORS WITH WHOM WE ENGAGE AND THE ISSUES ON WHICH WE ENGAGE

Regulator	Mandate	Issues on which we engage
Communications Authority of Kenya	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.	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Consumer affairs</li> <li>• Interconnect.</li> <li>• Licensing</li> <li>• Quality of Service (QoS) Measurements</li> <li>• Spectrum management</li> <li>• SIM-card registration Regulations</li> <li>• Type approval.</li> <li>• Universal Service Fund (USF)</li> </ul>
Competition Authority of Kenya	The Competition Authority of Kenya (CAK) has the mandate of enforcing the Competition Act, No. 12 of 2010 with the objective of promoting competition for the benefit of consumers, businesses and the economy as a whole.	<ul style="list-style-type: none"> <li>• Competition and trade practices</li> <li>• Consumer affairs</li> <li>• Mergers &amp; acquisitions</li> </ul>
Central Bank of Kenya	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.	<ul style="list-style-type: none"> <li>• International money transfer services</li> <li>• Mobile money transfer services (M-PESA)</li> <li>• Mobile lending products</li> </ul>
Kenya Revenue Authority	The Kenya Revenue Authority (KRA) is responsible for the efficient assessment and collection of revenue (taxes) on behalf of the Government.	<ul style="list-style-type: none"> <li>• Taxation</li> </ul>
National Environment Management Authority	The National Environment Management Authority (NEMA) is mandated to ensure the natural resources and environment of Kenya are managed in a sustainable manner.	<ul style="list-style-type: none"> <li>• Energy management regulations</li> <li>• Environmental Impact Assessments and audits</li> <li>• E-waste management</li> <li>• Air quality</li> </ul>
Betting Control and Licensing Board	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.	<ul style="list-style-type: none"> <li>• Safaricom promotions.</li> </ul>
Kenya Civil Aviation Authority	The Kenya Civil Aviation Authority (KCAA) is responsible for the safety and management of the Kenyan airspace.	<ul style="list-style-type: none"> <li>• Approval of proposed base transceiver stations</li> <li>• Site acquisition</li> </ul>
Capital Markets Authority	The Capital Markets Authority (CMA) protects the interests of investors and publicly listed companies through licensing and supervising the capital markets industry.	<ul style="list-style-type: none"> <li>• Corporate governance.</li> </ul>
Office of the Data Protection Commissioner	This is the primary regulator for Data Protection who oversees the implementation of the Data Protection Act and Regulations	<ul style="list-style-type: none"> <li>• Approvals for certain processes involving personal data</li> <li>• Registration of data controllers and processors</li> <li>• Reporting data privacy breaches</li> </ul>

## FUTURE FOCUS



- Engage on issues such as the split of financial services from telcos.
- Advocate for a favourable regulatory environment for the expansion of financial services.
- Work with new regulators in areas into which we could potentially diversify.



## BUSINESS PARTNERS

### MEETING THE NEEDS OF OUR GROWING CLIENT BASE

Our business partners are our agents, dealers, and suppliers who enable our products and services to reach the market. We rely heavily on our partners to keep our operations going and to meet the needs of our customers. As they represent us in the marketplace they have an important role to play in upholding our reputation and brand integrity. We acknowledge our responsibility to promote sustainable practices throughout our business ecosystem and value chain by engaging with our partners in this regard. We are seeing results as they move from compliance to commitment. Our business partner network is currently comprised of 839 suppliers, 435 dealers and 247 869 M-PESA agents.

### SUPPLIERS

We engage with our suppliers through interactive sessions such as our annual supplier forum. Held online in October 2020, the forum was attended by 533 suppliers who had the opportunity to interact with our CEO for the first time. Topics covered included:

- Our new company strategy and mission.
- The raising of performance standards from a minimum of 60% to 80%, in line with our revised strategy.
- The launch of the supplier NPS.
- Operational updates and progress of previous issues raised by suppliers.
- Aligning with suppliers on the ethical standards expected.
- Updates on health and safety as well as expectations on OSH standards

In addition, a supplier representative shared their journey of resilience and lessons learned in navigating the COVID-19 pandemic.

Due to the pandemic, the Safaricom Annual Partner Awards (SAPA) were put on hold, but the awards ceremony will take place through a virtual forum in FY22.

Every year we focus on areas identified as gaps highlighted through the self-assessment from suppliers, together with on-the-ground compliance checks as well as trends in the current business environment. These results, together



We contribute to economic development (SDG8) by supporting our business partners in ways that allow them to expand their own economic activity. We also work to reduce inequalities (SDG10) by actively promoting women in business.

### OUR HIGHLIGHTS

- Our dealer channel contributed 48% of the total sales on Lipa Mdogo Mdogo.
- Dealers had purchased 8 400 MobiGo devices by the end of the financial year. MobiGo is a subsidised, affordable smartphone which has no calling functionality, but enables dealers to connect to the internet.

### ISSUES FOR OUR BUSINESS PARTNERS

- Increased operational difficulties because of the COVID-19 pandemic for all the business partners.
- Suppliers: The suspension of some scopes of work affected some suppliers. We mitigated this impact by continuing to pay those with suspended scopes for a whole quarter in order to help them transition through the pandemic and support their employees.
- Dealers: High targets and the need for more streamlined, automated processes.
- Agents: Arbitrage claw back commission.

### SUPPORTING OUR BUSINESS PARTNERS DURING THE COVID CRISIS

COVID-19 caused a significant downturn in the economy which negatively impacted many of our partners. We supported them in a number of ways to ensure their businesses stayed afloat:

- Phase 1 (May-June 2020) We supported our partners workers through monthly stipend and hygiene packs (guarding/cleaning/catering). A total of 3 200 partner workers from 27 partner companies benefited.
- We continued making payments to retainer accounts with partner workers that had been fully suspended with no operations in order to cushion the employees for 2 quarters e.g. Gymnasium and crèche
- Surgical masks and gloves provided every day to the approximately 3 200 partner workers who were on the frontline
- Locally made reusable facemasks have now been provided for all the partner workers (each received 3 pieces)
- We allocated PPE to all agent head offices.
- We managed the distribution of KSh 200 to 1 15 604 sub agent stores for COVID-19 support.

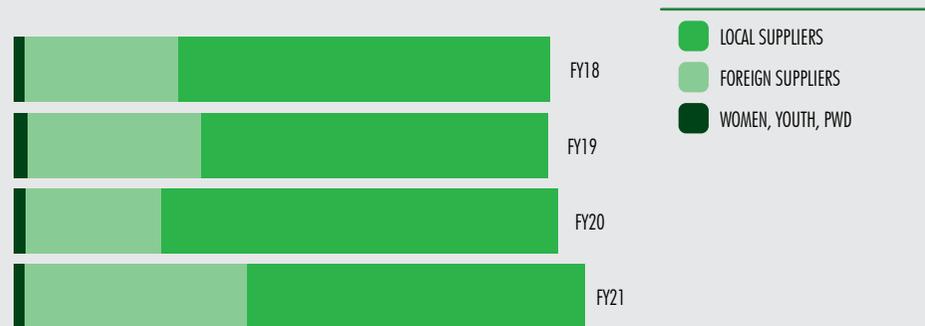
with compliance checks, establish what areas we need to address in order to promote our suppliers' wellbeing. Accordingly, we held sessions focusing on the implementation of sustainability; building resilience; tax compliance and risk management.

#### TOTAL SUPPLIERS AND SPEND

	FY18	FY19	FY20	FY21
Number of suppliers	1164	1138	1095	839
Total spend (KSh billion)	85.6	84.8	86.7	92.8

While our strategic intent is to increase the share of procurement spend going to local suppliers, the number of local suppliers reduced by 27.8% compared to the previous year and total spend declined by 12.2%. This was largely due to lockdown, impacted by the COVID-19 situation which led to the cancellation of events and the majority of staff working from home. Local spend is heavily dependent on the provision of essential services to staff such as transport, travel, gym and crèches; as well as local suppliers needed for operations, including promotional merchandise and point-of-sale material, as well as hospitality consumables. The reduction of these services was reflected in the number of suppliers receiving business from Safaricom which went down by 23.4% to 839.

#### SPEND INFORMATION BY SUPPLIER CATEGORY (KSH MILLION)



	FY18	FY19	FY20	FY21
Spend with local suppliers	60 586	56 519	64 470	56 654
Spend with foreign suppliers	25 049	28 311	22 226	36 173
Spend with women, youth, PWD	1 697	2 155	1 798	1 733
Total spend	85 635	84 829	86 696	92 827

## EVALUATING SUPPLIER PERFORMANCE

We insist that all suppliers sign up to our Supplier Code of Conduct and the Code of Ethics for Business in Kenya (the Code for Business). The Code for Business is based on the principles of the United Nations Global Compact (UNGC). Suppliers are not invited to take up new business opportunities until they sign up to the Code.

We continue to undertake performance evaluations of all our suppliers on a quarterly or bi-annual basis. Suppliers are measured against a variety of indicators including cost, quality, delivery, responsiveness, flexibility, value-add, health and safety which then results in a performance score. Pleasingly, this score improved from 82.61% to 86% YoY. We were also pleased to achieve our target of 100% supplier evaluation coverage for all contracts due for assessment.

#### SUPPLIER PERFORMANCE INDICATORS

	FY18	FY19	FY20	FY21
Supplier performance evaluations – average score	78%	80%	83%	86%
Performance evaluations – number of evaluations completed	750	605	1025	1 493

## MEASURING SUPPLIER SATISFACTION

The result from our supplier satisfaction survey was a score of 73%, the same as the previous financial year, while the supplier satisfaction rate improved from 91% the previous year to 94% which is considered a high level of satisfaction. The survey indicates that we have earned a high level of trust – evidenced by the high likelihood that suppliers would recommend Safaricom to other potential business partners.



## SUPPORTING WOMEN OWNED BUSINESS GROWTH

Our Women in Business (WIB) initiative continues on its transformational journey of empowering women and driving their economic growth. Despite the efforts we have put in place to build the capacity of the supplier and address other barriers such as access to credit, the total spend on women owned businesses remained at 2.3% of our total procurement spend, well below the target of 10%. Worth noting is that the initiative continues to be a model programme for other organisations who have adopted similar models aimed at increasing the participation of women-owned businesses in their supply chains. Despite the slow progress in achieving our WIB targets, we remain focused on building the capacity of women-owned businesses to participate in our areas of high spend and to addressing barriers such as access to finance. To this end, we have signed an MOU with a number of financial institutions for supply chain finance which benefits women suppliers.

### WIB PERFORMANCE INDICATORS

	FY18	FY19	FY20	FY21
Number of women-owned businesses	113	178	205	227
Number of women suppliers as a percentage of supplier base	9.1%	10.7%	10.2%	9.7%
Number of unique WIB who have participated in tenders	34.5%	31.5%	23.4%	14.1%
Procurement spend (KSh billion)	1.9	2.4	1.77	1.7
Procurement spend for WIB vs gross procurement value	2.3%	3.2%	2.3 %	2.3%

## DEALERS

In the year under review, our dealers played an important role in keeping the value chain going. The number of active dealers in our network dropped by five in FY21 from 440 to 435, due to the economic pressures of the COVID-19 pandemic. Notwithstanding the pandemic, we maintained contact with our dealers via virtual dealer forums and ongoing safety engagements with the dealer managers. We held 20 virtual dealer forums, during which we recognised outstanding dealer performance.

During engagements, dealers indicated that our targets were too onerous, and we responded by adjusting them by 9%. We supported dealers by growing the number of branded vans from 600 in FY20 to 700 in FY21 and continuing to promote our dealer motorbike scheme. Under the scheme, 350 motorbikes were purchased through a part financing scheme – 30%: Safaricom, 70%: dealer.

### STREAMLINING PROCESSES

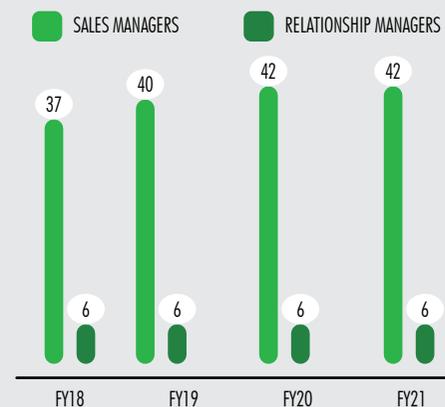
We continue to digitise and streamline dealer processes and have commissioned a project to automate the dealer distribution network and provide automations of dealer commission views. We have also simplified the SIM replacement process which is currently running at 19 000 daily within the channel.

Our Know Your Customer (KYC) awareness campaign and the Subscriber Registration App (Jiandikishe) helped our dealers to meet the regulatory subscriber registrations requirements. Through our dealer shop managers training programme, we helped to empower our dealers to handle customer queries and practise the appropriate business etiquette. We also supported initiatives to drive usage on the Safaricom Jiandikishe App as well as product activations in strategic dealer outlets to provide visibility and drive sales.

### OUR DEALER NETWORK ACTIVE DEALERS



### ACTIVE MANAGERS



### MOBILITY SCHEME (CUMULATIVE NO. OF BIKES)



## AGENTS

Our network of agents are primarily involved in M-PESA, facilitating deposits, withdrawals and registration. Our agents act as brand ambassadors, helping us to reach a wide range of customers. In FY21, we held six principal forums attended by over 1 872 agents.

The number of agents has increased significant in FY21. This is largely due to the adjustment of the float ratio required to apply for additional tills to 30:70 (i.e. if 30% of the tills in a Head Office have met the required float level of KSh 20 000, the Head Office is able to apply for additional tills) and increasing the number of tills that an agent can apply for at a single point in time from 5 to 15.

### M-PESA AGENTS

	FY18	FY19	FY20	FY21
No. of M-PESA Agents	156 000	167 083	173 259	247 869

### ENGAGEMENT WITH OUR AGENTS

	FY18	FY19	FY20	FY21
No. of bi-annual principal forums	-	28	11	6
Agent attendance		1 980	2 200	1 872

Recognising agents' concerns about arbitrage clawback commission, in FY21 we held virtual forums and conducted agent assistant training to educate agents on how it takes place, how to mitigate against it and the penalties and sanctions to be applied. We also sent out SMS broadcasts to all agent tills to alert them to the issue.

## BOOSTING SECURITY

Our geo-locking agent tills ensures that the tills are geographically restricted to operate within the locality where the till is assigned, on the dealer portal. This new measure boosts the security and integrity of the agent till by making it difficult for unauthorised users to operate the till.

To highlight awareness, we have educated agent assistants and agent head offices on the issue of escalating SIM swap fraud. This was augmented by our implementation of a dynamic SIM allocation system to mitigate the time taken from creation to the delivery of the tills to the agent stores, as well as the cost of the physical tills.

## STANDING TOGETHER, GOING BEYOND TO SUPPORT OUR DEALERS AND AGENTS



The COVID-19 pandemic impacted our customers and hence our agents negatively. We stood together and supported them by providing the following loans:

We have partnered with a financial services provider to offer a credit facility known as Bloom Financing offering loans between KSh5 000 and 150 000 for Lipa Na M-PESA Buy Goods Partners. Under this scheme, 1 500 agents have been financed.

M-Jeki ("A little boost") is an unsecured short-term loan for dealers and agents (head offices) to cover airtime, float and device purchases. It enables smaller and emerging operators to raise extra working capital against their trading history with Safaricom. In FY21, 400 agents made use of this financing.

Okoa Float is a new service we introduced in August 2020 to enable M-PESA agents to handle withdrawals even when they have no float money by simply taking a loan to enable deposits. The feature is a free-of-charge solution for short-term float need and has a limited repayment period of three days. To date, 450 agent head offices and 30 000 sub-agents have utilised this service. The current loan book value is KSh 400 million.

## REWARDING OUR AGENTS

Our agent reward scheme, known as Stawisha Biashara – a Swahili term meaning "enhance/grow your business" in English, continues to grow. Under the programme, agents earn a point for every 1 000 transactions facilitated. At year end, a total of KSh 30.1 million had been redeemed since February 2019.

## FUTURE FOCUS



- Motivate to create more business opportunities for women, youth and PWDs. Focus more intensely to ensure the sustainability of the whole supply chain ecosystem.
- Extend checks on adherence to the supplier Code of Conduct to tier 2 subcontractors.
- Extend supplier labour and human rights checks to tier 2 (subcontractors), as well as supplier risk assessment and self- assessment checks.
- Track NPS for internal SCM (Supply Chain Management) customers.
- Revamp the Supplier Recognition Framework.
- Complete the process of building a platform that will provide agents with short-term loans that are Sharia compliant.

# SHAREHOLDERS

## OUR HIGHLIGHTS

- Our first virtual annual general meeting saw approximately 80 000 shareholders register and participate from the standard 5 000 - 6 000 shareholders pre-COVID.
- Virtual investor engagements grew approximately 4% year-on-year.
- A total of KSh 54.89 billion to be paid out in dividends with respect of the year ended 31 March 2021.

## ISSUES FOR INVESTORS

- Our investors are concerned about the regulatory risk in the country, while retail investors are mainly concerned about dividend payouts.

## KEEPING OUR SHAREHOLDERS INFORMED

Our channels of communication with our investors include regular investor roadshows, management meetings and conferences. In addition to personal engagements, we respond to their queries via the investor relations mailbox. Under our internal Services Level Agreement (SLA), these must be responded to within 24-48 hours. Unfortunately, due to COVID-19, the Building African Financial Markets (BAFM) seminar which we previously sponsored, did not take place in this period.

Our aim is to increase the frequency of our engagement with investors to inform them of our progress in generating solid returns based on our strategy of becoming a purpose-led technology company that transforms lives in alignment with the SDG goals. There has been growing interest in our key material issues of focus including M-PESA Africa, regional expansion and financial digital services and partnerships. There has also been more interest from impact funds through virtual meetings and ESG questionnaires.

## COMMUNICATING OUR STRATEGY

In March 2021 the Board approved a first interim dividend payment of KSh 0.45 based on the need to support our shareholders because of the COVID-19 pandemic. In addition, we paid a final dividend of 0.92 per ordinary share at the end of the year.

Recognising that shareholders want to know more about how we plan to deliver on our strategy, we were able to respond in the following manner:

- Strengthen the core: Management initiatives to defend voice, mobile data and fixed service as the core business and new areas of potential growth.
- To be a financial services provider: With M-PESA as the key driver, investors are able to see management initiatives to continue driving growth.
- Win in select digital ecosystems: This pillar relates to our successes in agriculture (DigiFarm) and healthcare which have enabled us to show investors other targeted avenues of growth in line with our purpose of transforming lives.

## OUR SHAREHOLDERS

While all our shareholders are important, we view our local individual 'free float' shareholders as particularly important, given our commitment to the Kenyan people and our aim of transforming lives. Unfortunately, the proportion of local individuals in the free float declined from previous years, which we attribute to the economic constraints associated with the COVID-19 pandemic.

### % BREAKDOWN OF SHAREHOLDERS

	FY18	FY19	FY20	FY21
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

	FY18	FY19	FY20	FY21
Foreign corporate	48.4	45.1	44.7	45.6
Local corporate	35.6	39.0	39.7	39.4
Local individual	15.5	15.5	15.3	14.6
Foreign individual	0.4	0.4	0.4	0.4

For further information about our financial performance in FY21, please refer to <https://www.safaricom.co.ke/investor-relations>.



## FUTURE FOCUS

- Establish an ESG rating for Safaricom which will help our investors assess our performance more holistically.
- Develop a USSD investor self-service solution to enable shareholders to manage their dividend / share-related requests.



# MEDIA

## OUR HIGHLIGHTS

- Launched the 9th Safaricom Sustainable Business Report and the Sustainable Future thought leadership series to the media simultaneously. The thought leadership series aims to bring business leaders together the discuss a way forward in tackling some of the most pressing issues of our time including climate change, gender, inequality and ecosystem degradation. During the Sustainable Business Report launch, we had 557 total mentions from 213 unique authors in the #SustainableSafaricom conversation.

## ISSUES FOR MEDIA

- One-on-one physical engagements are always preferred for better and quicker feedback. Journalists have expressed concerns about the webinar format which does not give them opportunities to ask questions as they would traditionally do during a physical media engagement.
- Press conferences on Zoom have also been a source of frustration, because journalists need data to dial in and they do not always have the resources to do so.

## MAINTAINING OPEN DIALOGUE

We engage in close dialogue with members of local, regional and international media across electronic channels (radio, TV), print (newspapers, magazines) and new media (digital, websites and blogs). Due to the Coronavirus pandemic, most one-on-one media engagements were cancelled. This changed how we interacted with the media, particularly sports and entertainments journalists, as events were minimised to combat the spread of the virus. However, we managed to keep dialogue channels open using digital forms of communication and involving the media when making major announcements, such as the half year results announcement in November 2020. We also distributed branded promotional items to regional media to foster brand awareness and enhance loyalty. We maintain a positive working relationship to ensure that our voice is heard on pertinent issues and that the facts presented to the public are as comprehensive and objective as possible.

With fake news on the rise, we worked closely with fact checking partners in Kenya. This proved particularly helpful in clarifying our own official promotions and ensured that information presented to our stakeholders was accurate and balanced. In keeping with this aim, in February 2021, we hosted 16 court reporters with a view to enhancing their court reporting during COVID-19, further understanding their challenges and how Safaricom could support them. Media attention on Safaricom is highlighted by the fact that the launch of the pilot phase of our 5G high-speed internet media launch in March 2021 was featured on the front page of Kenyan newspapers, resulting in a total of 637 stories, including 482 stories featured on websites outside Kenya, besides the 83 carried on Kenyan websites.

We were also pleased by the positive improvement in website performance. Since we embarked on a search engine optimisation (SEO) programme a year ago, there have been the following increases: 40.30% in total traffic, 54.88% in sessions and 80.20% in page views.

## SAFARICOM SUSTAINABILITY MENTIONS IN THE MEDIA (FY21)

Media Type	M-PESA Foundation	Safaricom Foundation / Ndoto Zetu	Sustainable business*
Print	27	115	32
TV	46	159	30
Radio	165	513	73
Online	91	384	136
Total number	329	1 171	271
PR value (KSh)	141 787 620	711 477 885	98 806 935

\* Includes 131 articles in October when we launched the Sustainable Business Report and announced our support for the informal sector in e-waste management.

## WEBSITE PERFORMANCE YEAR-ON-YEAR

	2020	2021
Total users	524 544	783 134
Sessions	714 511	1 106 644
Bounce rate*	27.59%	23.04%
Average session duration	1 min 28 sec	1 min 29 sec
Page views	1 183 813	2 133 177
Average page load time	12.71	11.39
Clicks	434 000	490 000
Impressions	3 710 000	4 990 000
Average website position**	11.9	9.1

\* 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



- Once the Coronavirus pandemic is contained, the CEO will meet small groups of journalists under the required COVID-19 protocols and regulations.
- We will hold hybrid events where journalists and key speakers are in the same space for one-on-one sessions and the other invited guests join virtually.
- Publish more thought leadership articles on sustainability forums.
- Conduct media training for regional staff members and crisis management training for ExCo members, as well as diversity and inclusion media training.



## ACKNOWLEDGEMENTS



Peter Ndegwa - Chief Executive Officer  
Stephen Chege - Chief Corporate Affairs Officer

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# APPENDIX



# KEY PERFORMANCE INDICATORS

## TRUE VALUE

Category	KPIs monitored	FY18	FY19	FY20	FY21
True earnings	Financial (earnings)	55 289.0	62 491.0	73 658.0	68 676.2
	Economic	288 594.3	317 602.0	338 529.6	344 580.3
	Social	199 493.6	221 500.5	241 980.1	251 097.2
	Environmental	(258.5)	(412.3)	(413.1)	(419.0)

## GOVERNANCE, BUSINESS ETHICS AND RISK

Category	KPIs monitored	FY18	FY19	FY20	FY21
Demographics of the Board (gender and composition)	Females	30%	30%	30%	35%
	Males	70%	70%	70%	65%
	Executives	1	1	1	1
	Non-executive directors	9	9	9	9

Category	KPIs monitored	FY18	FY19	FY20	FY21
Ethics and anti-corruption staff training	Ethics and anti-corruption staff training (% of total staff)	98%	96%	98%	98.50%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Anti-corruption monitoring measures	Risk assessments	11	26	18	8
	Fraud reviews	10	10	10	17
	Audit reviews	31	21	23	17
	Special request reviews	3	3	2	9

Category	KPIs monitored	FY18	FY19	FY20	FY21
Outcomes of cases investigated	Fraud cases investigated	57	30	35	36*
	Disciplinary warnings	10	0	19	3
	Dismissals	43	18	16	28
	Cases reported to law enforcement agencies	3	14	5	1

\* The number of fraud cases investigated differs from the total of the various outcomes of cases investigated as 4 staff members resigned before the investigations were concluded

Category	KPIs monitored	FY18	FY19	FY20	FY21
Types of cases investigated	Asset misappropriation			9	2
	Breach of policy/procedure			3	8
	Conflict of interest			9	0
	Data privacy			3	22
	Neglect of duties			5	0
	SIM swap			6	4
	Grand total			35	36

Category	KPIs monitored	FY18	FY19	FY20	FY21
Business partner training (KYC and ethics)	Suppliers	57	248	286	530
	Dealers	10	282 (64%)	309 (75%)	451
	M-PESA agents	43	61 567	63 812	1 345
	Number of awareness broadcasts covering all M-PESA agents	3	37	32	50

## REGULATORY ENVIRONMENT

Category	KPIs monitored	FY18	FY19	FY20	FY21
Quality of Service (QoS) compliance register	Number of fines for non-compliance	0	0	0	0
	Cost of fines for non-compliance (Ksh million)	0	0	0	0
	Non-monetary sanctions for non-compliance	0	0	0	0
	Legal actions lodged for anti-competitive behaviour	0	0	0	0

Category	KPIs monitored	FY18	FY19	FY20	FY21
Quality of Service (QoS)	Regulatory Quality of Service (QoS) score				92%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Environmental impact monitoring and evaluation	Environmental Impact Assessments	590	600	437	122
	Initial environmental audits	458	300	513	318
	Self environmental audits				1460

## OUR PLATFORMS

Category	KPIs monitored	FY18	FY19	FY20	FY21
Network expansion	Footprint (kms) – total to date	5 469	6 700	9 000	10 080
	Enterprise buildings connected	1 922	2 424	3 960	4 327
	Residential homes passed	142 060	297 895	331 189	348 144
	Residential homes connected	48 648	107 762	142 099	204 234
	Sites (BTS) connected (%)	50	55	64	65
	Enterprise customers connected	6 237	5 992	11 911	15 300

Category	KPIs monitored	FY18	FY19	FY20	FY21
Network performance	Avg. weekly unavailable minutes (power NUR)	4.6	6.5	11.9	11.4
	Average radio access network SUR (minutes)	22.2	25.6	32.4	24.7

Category	KPIs monitored	FY18	FY19	FY20	FY21
Breakdown of network NPS (customer satisfaction)	Signal coverage	69	75	76	78
	Voice quality	77	87	86	86
	Data coverage	56	61	57	62
	Data speed	54	65	66	71
	Overall	72	80	80	82

Category	KPIs monitored	FY18	FY19	FY20	FY21
Network coverage	2G population (%)	96%	96%	96%	96%
	3G population (%)	89%	92%	94%	95%
	4G population (%)	35%	56%	77%	94%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Independent Quality of Service (QoS)	Voice: Call setup success rate	1	1	1	1
	Voice: Dropped call ratio	1	1	1	1
	Voice: Speech quality	1	1	1	1
	Data: Mean user data rates: download	1	1	1	1
	Data: Mean user data rates: upload	1	1	1	1
	Data: Mean web browsing time	1	1	1	1
	Data: Network delay	1	1	1	1

Category	KPIs monitored	FY18	FY19	FY20	FY21
Base stations by type	2G enabled	4 599	4 949	5 314	5 526
	3G enabled	4 364	4 907	5 275	5 500
	4G enabled	1 665	2 791	4 342	5 387

## OUR PLATFORMS (CONTINUED)

Category	KPIs monitored	FY18	FY19	FY20	FY21
M-PESA financial inclusion	<b>M-PESA</b>				
	No. of customers (Million: 30 day active)	20.5	22.6	24.9	28.3
	No. of Lipa Na M-PESA merchants	102 337	122 879	172 561	301 597
	Value of diaspora remittances through M-PESA Global (KSh billion)	94	119	158	289.7
	<b>M-SHWARI</b>				
	No. of customers (Million: active users)	3 262 955	3 985 120	4 662 652	3 977 177
	Value of M-Shwari deposits (KSh billion)*	213.4	213.4	320	571.1
	Value of M-Shwari loan disbursements (KSh billion)	83.3	97.5	129.6	94.5
	<b>FULIZA</b>				
	No. of transactions	N/A**	46 357 358	392 891 348	787 133 367
Amount disbursed (KSh billion)	N/A**	29	245	351	

Category	KPIs monitored	FY18	FY19	FY20	FY21
DigiFarm	Registered farmers				1 499 341
	Number of farmers geo-tagged and registered for market access				141 026
	Active farmers accessing learning content				228 416
	Percentage of women participants				40%
	Number of active digital village advisors (DVAs)				235
	Sum of redeemed inputs since inception				472 823 454

## ENVIRONMENTAL STEWARDSHIP

Category	KPIs monitored	FY18	FY19	FY20	FY21
GHG Emissions - Scope 1, 2 and 3 emissions (tCO2e)	Scope 1	36 035.30	33 057.30	28 311.30	31 125.9
	Scope 2	23 835.60	26 833.30	28 881.10	33 141.8
	Scope 3	3 813.60	5 818.00	2 618.60	1765
	Total	63 684.50	65 708.50	59 811.00	66 032.7

Category	KPIs monitored	FY18	FY19	FY20	FY21
Cost of energy consumption by site	Cost of energy (electricity, solar, diesel) consumption by site (KSh per month)	47 511	46 649	46 308	50 271

Category	KPIs monitored	FY18	FY19	FY20	FY21
Energy efficiency	Sites fitted with deep cycle batteries	240	193	300	27
	Sites with low-voltage auxiliary power supply units	115	55	55	55
	Sites fitted with free cooling units	92	88	88	88
	Sites converted from outdoor to indoor	25	18	7	41

Category	KPIs monitored	FY18	FY19	FY20	FY21
Network energy by source	Kenya Power and Lighting Company (KPLC) and genset	3 755	4 060	4 775	4 560
	KPLC (no generator)	705	1 269	948	1 299
	24/7 diesel generator	78	106	173	192
	Solar/wind hybrid solution	155	196	221	255

Category	KPIs monitored	FY18	FY19	FY20	FY21
Growing trees to offset carbon emissions	Trees planted			144 000	650 000

Category	KPIs monitored	FY18	FY19	FY20	FY21
Supply chain emissions	Overall emissions (million Kgs)			8.8	4.3
	Carbon intensity			0.271846	0.08591

Category	KPIs monitored	FY18	FY19	FY20	FY21
Energy and resource consumption	Water consumption (m³)	91 449	99 827	102 231	57 792
	Electricity (MWh)	141 500	159 295	171 452	196 746
	Fuel (ℓ)	9 432 788	10 181 646	9 762 585	11 562 174

Category	KPIs monitored	FY18	FY19	FY20	FY21
Waste collected and recycled	Glass (kg)		2 615	2 602	630
	Metal (kg)		4 414	5 112	967
	Plastic (kg)		23 509	26 665	9420
	Textiles (kg)		2 687	3 098	1 167
	Construction waste (kg)		823	3 816	1521
	Cardboard and paper (kg)		68 348	82 887	22 898
	Organic waste (kg)		153 215	168 438	38 841
	Other waste (kg)		2 639	7 292	21
	Total recycled (kg)		258 250	299 910	75 465

Category	KPIs monitored	FY18	FY19	FY20	FY21
E-waste	E-waste (cumulative tonnes since inception)	855	1 072	1 287	1 430

## INNOVATION AND PARTNERSHIPS

Category	KPIs monitored	FY18	FY19	FY20	FY21
Digitising the customer	Smartphones connected to the network (millions)	10.9	12.2	15	16.7
	4G enabled smartphones (millions)	2.2	3.2	6.1	8.5

## CUSTOMERS

Category	KPIs monitored	FY18	FY19	FY20	FY21
One-month active customers (million)	Total consumer customers	24.9	26.7	28.6	31.45
	M-PESA customers	20.6	22.6	24.9	28.3
	Mobile data customers	17.7	18.8	19.62	20.04

Category	KPIs monitored	FY18	FY19	FY20	FY21
Total market share	Total market share (%)	67%	62.40%	64.50%	64.40%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Enterprise customers	Total number of enterprise customers	169 000	180 164	286 000	401 019
	Total market share (%)	67%	68%	70%	71%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Customer satisfaction (NPS and BC scores)	Consumer NPS	70	61	59	65
	Enterprise NPS	26	26	29	31
	BC	60	63	70	81

Category	KPIs monitored	FY18	FY19	FY20	FY21
Call centre performance	Abandon rate	18%	13%	14%	7%
	Average number of calls answered weekly	112 271	98 815	99 800	98 251
	Call answer rate	80%	86%	86%	84%
	NPS (COPS, overall)	64	59	38	48
	Service level (% of calls answered within 20 seconds)	73%	78%	77%	89%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Self-service channels	IVR (daily interactions)	47 000	86 000	114 851	119 937
	Jitambulisho (enrolled customers, million)	0.5	1.5	3.4	8.3
	MySafaricom app (total downloads, million)	2.1	3.6	5+	2.5

Category	KPIs monitored	FY18	FY19	FY20	FY21
Zuri	Total unique users	402	102 227	446 417	1 960 617
	New users	402	101 825	344 190	1 514 200
	Total interactions (daily average)		349	1 567	10 366

## SOCIETY

Category	KPIs monitored	FY18		FY19		FY20		FY21	
Safaricom and M-PESA Foundations: Spend and impact		% Spend	Lives	% Spend	Lives	% Spend	Lives	% Spend	Lives
	Health	24%	245 507	27%	88 246	40%	367 641	22%	633 284
	Education	28%	46 076	52%	51 413	52%	106 208	65%	397 818
	Economic empowerment	36%	-	14%	5 415	5%	14 555	3%	155 000
	Disaster response	1.3%	300	2%	5 000	-	495	9%	13 800
	Environment	2%	72 500	0%	5 000	2%	-	1%	47 226

## EMPLOYEES

Category	KPIs monitored	FY18	FY19	FY20	FY21
Our workforce demographics	Number of permanent male employees	2 190	2 251	2 278	2 246
	Number of permanent female employees	2 186	2 252	2 237	2 210
	Total number of permanent employees	4 376	4 503	4 515	4 456

Category	KPIs monitored	FY18		FY19		FY20		FY21	
Employees by gender and diversity (%)		M	F	M	F	M	F	M	F
	Permanent staff (overall)	50%	50%	50%	50%	50%	50%	50%	50%
	Executive leadership	75%	25%	73%	27%	64%	36%	89%	11%
	Senior management	68%	32%	66%	34%	65%	35%	66%	34%

Category	KPIs monitored	FY19	FY20	FY21	Target FY21
Women in Technology (WIT)	Percentage of women in our Technology Division	23%	24%	24%	30%

Category	KPIs monitored	FY18	FY19	FY20	FY21	Target FY25
People with Disabilities (PWDs) in our organisation	Percentage of PWDs in our organisation	1.7%	2.1%	2.3%	2.6%	5.0%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Employee morale	Employee engagement index (%)	90	96	89	92
	Manager engagement index (%)	87	84	89	90
	Staff turnover (%)	5.4	5.7	5.0	3.3

Internal labour market		Female staff			Male staff		
Career level		Senior man.	Middle man.	Entry level	Senior man.	Middle man.	Entry level
Hires	FY18	7.80%	6.40%	-	5.30%	7.80%	25.80%
	FY19	2.10%	5.40%	6.40%	2.90%	6.70%	11.00%
	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%
Internal mobility	FY18	1.10%	5.30%	2.10%	-	-	-
	FY19	2.10%	4.60%	6.20%	7.30%	3.90%	7.80%
	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%
Laterals	FY18	17.80%	10.50%	2.60%	9.20%	7.40%	2.40%
	FY19	15.50%	5.70%	2.30%	11.70%	6.30%	1.90%
	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%
Voluntary exits	FY18	7.80%	4.20%	2.70%	4.90%	4.20%	3.60%
	FY19	6.20%	2.80%	2.40%	5.80%	3.40%	3.00%
	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%
Total exits	FY18	7.80%	4.70%	5.70%	5.80%	5.20%	8.30%
	FY19	9.30%	3.60%	5.20%	8.30%	7.00%	5.90%
	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%

Category	KPIs monitored	FY18	FY19	FY20	FY21
2021 SEMA survey	Engagement index			89%	92%
	Diversity and inclusion			83%	85%
	Communications			81%	85%
	Career development			81%	84%
	Work environment			80%	81%
	Ethics and integrity			70%	75%
	CSR			88%	89%
	Health, safety and wellness			85%	88%
	Spirit index (overall)			91%	98%
	Spirit - create the future			74%	80%
	Spirit - earn customer loyalty			84%	84%
Spirit - get it done together			73%	77%	
Spirit - learn fast, experiment			76%	75%	

Category	KPIs monitored	FY18	FY19	FY20	FY21
Training and career development	Average number of training hours per employee				46.42
	Investment in staff training (KSh million)	298.7	310	273	128
	Average training index (% of people who attended training)	83%	83%	81%	81%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Health, Safety and Wellbeing (Total OSH-related incidents)	Fatalities	0	2	1	3
	Lost Time Injuries (LTIs)	5	2	14	9
	Incidents	158	150	175	136
	Medical treatment cases	22	20	18	19
	Man-hours - employees only (million)	12	12.3	11.9	11.5
	Fatal Injury Frequency Rate (FIFR)	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	0.017	0.016	0.017	0

## BUSINESS PARTNERS

Category	KPIs monitored	FY18	FY19	FY20	FY21
Total suppliers and spend	Number of suppliers	1 164	1 138	1 095	839
	Total spend (KSh billion)	85.6	84.8	86.7	92.8

Category	KPIs monitored	FY18	FY19	FY20	FY21
Spend information by supplier category (KSh billion)	Spend with foreign suppliers	25 049	28 311	22 226	36 173
	Spend with local suppliers	60 586	56 519	64 470	56 654
	Spend with women, youth, PWD	1 697	2 155	1 798	1 733
	Total spend	85 635	84 829	86 696	92 827

Category	KPIs monitored	FY18	FY19	FY20	FY21
Supplier Performance	Supplier performance evaluations – average score	78%	80%	83%	86%
	Performance evaluations – no. of evaluations completed	750	605	1 025	1 493

Category	KPIs monitored	FY18	FY19	FY20	FY21
Women in Business (WIB)	Number of women-owned businesses	113	178	205	227
	Number of women suppliers as a percentage of supplier base	9.1%	10.7%	10.2%	9.7%
	Number of unique WIB who have participated in tenders	34.5%	31.5%	23.4%	14.1%
	Procurement spend (KSh billion)	1.9	2.4	1.77	1.7
	Procurement spend for WIB vs gross procurement value	2.3%	3.2%	2.3%	2.3%

## BUSINESS PARTNERS (CONTINUED)

Category	KPIs monitored	FY18	FY19	FY20	FY21
Our dealer network	Number of active dealers	400	433	440	435
	Number of dealer relationship managers	6	6	6	6
	Number of area sale managers/ active sales managers	37	40	42	42
	Mobility scheme (cumulative number of bikes)	2 229	1 978	2 465	2 633

Category	KPIs monitored	FY18	FY19	FY20	FY21
M-PESA agents	Number of M-PESA agents	156 000	167 083	173 259	247 869

Category	KPIs monitored	FY18	FY19	FY20	FY21
Engagement with our agents	Number of bi-annual principal forums		28	11	6
	Agent attendance		1 980	2 200	1 872

## SHAREHOLDERS

Category	KPIs monitored	FY18	FY19	FY20	FY21
Breakdown of shareholders	Vodacom	35%	35%	35%	35%
	Vodafone	5%	5%	5%	5%
	Government of Kenya	35%	35%	35%	35%
	Free float	25%	25%	25%	25%

Category	KPIs monitored	FY18	FY19	FY20	FY21
Proportion of 'free float' shareholders (%) by category	Foreign corporate	48.4	45.1	44.7	45.6
	Local corporate	35.6	39	39.7	39.4
	Local individual	15.5	15.5	15.3	14.6
	Foreign individual	0.4	0.4	0.4	0.4





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