

What we want to Achieve

- ✓ Drive efficiency and reduce costs
- ✓ Minimise our environmental impact
- ✓ Work closely with our stakeholders

Operational excellence is about innovating, finding new ways to do things better and faster to benefit our customers. Importantly, it's also about balancing this with responsible behaviour, especially in protecting the environment and the health and safety of our employees and contractors. Operational excellence also means getting good returns on the capital we use to deliver our products and services.

The effects of foreign exchange fluctuation and inflation were widespread across the economy especially so in the 1st half of the year when the shilling weakened to Kshs. 107 and inflation peaked at 19.7%. This led to increased operating and forex losses for industry players.

With the recovery of the Kenya Shilling in the second half of the financial year, the operating market has become more conducive however interest rates have remained high impacting negatively on profit.

We are on track to deliver our cost initiatives aimed at protecting our bottom line and improving our margins. Early results of these efforts are evidenced in this financial year's performance especially in the second half - and we will continue to drive these initiatives forward to combat inflationary pressures and improve our working capital optimisation initiatives.

We benefit from our association with the Vodafone Group giving us access to their global procurement muscle. Vodafone has strategic agreements with some of the world's leading companies to deliver innovative products and services, including Samsung, Google® and Microsoft®. Handsets, network and IT equipment are for the most part negotiated and bought centrally through the Vodafone Procurement Company ('VPC'). We make use of these centralized benefits wherever we can but with due consideration of local procurement requirements and targets.



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✓ TOWER SHARING

Safaricom strongly believes in owning its own infrastructure, as that puts us in control of our capital investment and therefore destiny. We do believe that operators can co-locate on each other's infrastructure, at a fair cost and in a fair balance. In fact we currently tower share with Telkom Orange and Essar, and are finalising agreements with Airtel.

We plan to build our own fibre network, and would welcome swapping fibre with other operators on a meter for meter basis.



✓ ENERGY SECURITY

Safaricom has been expanding its infrastructure with large energy requirements, and as such energy security is a key concern, particularly as Kenya's available national energy supply is insufficient for both electricity and diesel.



The primary energy source used by Safaricom is electricity from the national grid. Grid electricity is supplemented by back-up energy from diesel generators; with a growing percentage of our energy supply sourced from renewable sources.

Safaricom is developing an energy policy statement; and we also realize the cost saving opportunities which can be achieved through energy efficiency. This is core to the Safaricom technical division, particularly for equipment specifications, site design, power optimizations and power strategy.

We are also aware of the carbon emissions associated with our energy consumption, and have calculated our carbon footprint for the first time this year; to help us understand where our biggest emission sources are and how we can start to reduce our impact.

✓ ENVIRONMENTAL PERFORMANCE

Living in an era where environmental issues are rising up the corporate agenda, it is clear that we have to embrace green practices, which will push us to become more productive, more innovative, more efficient and more competitive. Safaricom has embraced environmental performance on its own initiative to satisfy customers, comply with regulations and promote positive community relations.

Our environmental awareness has been demonstrated by our commitment to minimization of the negative effects to the environment through sustainable practices and continuous improvements. We are also developing cost-effective internal processes that encourage environmental stewardship, and tap revenue-generating market opportunities for products and services where our customers are keen for green products and services.

Safaricom has developed an integrated green agenda, that aims to transform our company into an environmentally aware and sustainable organization. A greener workplace can mean a lighter ecological footprint, a healthier and more productive place to work, and good news for the triple bottom line (people, planet & profits). Our integrated green agenda focuses on the following aspects:

- Climate change and carbon footprint;
- Green Base transceiver stations;
- Energy consumption;
- Paper usage;
- Water usage;
- Green products and packaging;
- Resource sharing/reuse and recycling; and
- Green offices.

We have developed and adopted an environmental management framework. This framework offers a wide range of benefits including financial savings from reduced waste generation, efficient energy consumption, easier compliance with environmental legislation, increased staff morale and pride; as well as improved customer relations.

✓ INNOVATION FRONTIER

Innovation is at the core of Safaricom. The mobile phone market in Kenya is becoming increasingly saturated by a number of network operators; and our ability to innovate remains a core differentiator in the market we operate in.

Health projects

- Daktari-1525 is a medical tele-triage dial-a-doc service launched November 2011. Customers dial 1525 and receive medical advice from doctors. Currently the service is receiving about 2000 calls a day. Safaricom rolled out the service in partnership with Call-a-doc
- Healthcare payments & Insurance
- Emergency Medical Response;



Agriculture projects

- iCow is an application with several services in it. It has a cow gestation calendar which sends a farmer timely important messages about his cow upon registering it.
- Training and Support of Extension Workers through e-learning



ICT and Education

• Safaricom Learning Management System (LMS)

This is a multi-institutional online platform that manages learning content. The LMS manages creation and uploading of courses, content download and streaming, lecture student interaction and self-assessment quizzes.

• Fun Safe Online Education

Safaricom in partnership with Intel, launched the Fun Safe Online Education program. The package includes 8 fun and exciting but educational computer applications that aid self-learning including: Encyclopedia Britannica, British Council (Learning English), Intel® Easy Steps Activity Book, Intel® Education Help Guide, PC Basics, Skool.com.

• Ministry of Education (MOE) ICT For Schools project

Safaricom in conjunction with Microsoft, Intel and KIE is running an initiative to support secondary schools countrywide with an attractive package consisting of both hardware and connectivity.

• Free capacity building.

The project saw us reach 113 schools country wide. This is a continuing project and with phase 2 on the way, Safaricom is planning to pitch and provide devices and connectivity to schools at a reasonable cost.

• KSSHA – JIFUNZE

Safaricom has partnered with the Kenya Secondary School Heads Association (KSSHA) to offer principals an unbeatable laptop package, dubbed 'JIFUNZE' which enables them to enjoy genuine software to them accomplish tasks more efficiently.

• Deal ya Nguvu

Safaricom has partnered with Equity Bank to support Kenyatta University students and staffs acquire pay in easy installments.

• Mwalimu dot com

Safaricom has partnered with Equity Bank, Teachers Service Commission (TSC), Microsoft, Kenya Institute of Education (KIE) and Intel to support teachers who are members of TSC to acquire laptops at an affordable price and pay in easy installments.

• Laptop ni Lazima

'Laptop ni Lazima' is a Swahili phrase for 'a laptop is a must'. This is a partnership between Safaricom and Equity Bank that gives Kenyan's an opportunity to purchase their laptop of choice from Safaricom Retail Centres through financing from Equity Bank.