

MESSAGE FROM THE CHAIRMAN

‘DEEPENING OUR UNDERSTANDING’



As Chairman of the Board, it is my great pleasure to present to you our fourth sustainability report. We continue to develop as a company and deepen our understanding of sustainability and its impact on our long-term success. This awareness is also reflected in this report, which presents our sustainability challenges and successes with even greater context and connection this year.

We still have much to learn and achieve, of course, but our commitment to sustainable business practices remains strong and I am delighted to be able to report that we achieved ISO 14001 certification for our Environmental Management System during the year. This important milestone assures our stakeholders that our environmental impact is being measured and reported upon methodically and accurately.

EFFICIENCY LESSENING ENVIRONMENTAL IMPACT

During the year, we continued to invest in our infrastructure and innovate, extending the reach and sophistication of our network. We completed the modernising of our 2G network, deployed over 500 new sites and have now laid more than 2,010 kilometres of fibre network. We became the first operator in Kenya to deploy 4G in the cities of Nairobi and Mombasa and we successfully migrated and upgraded the M-PESA platform. From a sustainability perspective, it is pleasing to see how the growing intelligence and energy efficiency of our network is making its environmental impact lighter, even as more and more Kenyans enjoy access to the services we provide.

DATA CONTRIBUTING TO STRONG GROWTH

While the business environment remains challenging, we are delighted to be able to report another year of strong economic performance and a 12.9% growth in total revenue to KSH 163.36 billion. One of the most significant contributors to this growth was mobile data, which grew by 59% to KSH 14.82 billion during the year. A pleasing development that is largely the result of our efforts to help subscribers move from feature phones to affordable smartphones and provide them with affordable data bundles, our mobile data users grew by 21% during the year to 11.6 million and now represent 50% of our total customer base.



Operator in Kenya to deploy 4G
in the cities of Nairobi and Mombasa

DEEPENING FINANCIAL INCLUSION

The regulatory environment remains a key concern for us and an area within which we continue to play a proactive role. We consider regulatory compliance to be one of the four foundations upon which we build and sustain value and, as such, a material matter. One of the notable regulatory impacts during the year was our entering into discussions with the Communications Authority of Kenya and agreeing to open up our agency networks (allowing Safaricom M-PESA agents to sell the products and services of other mobile operators) in July 2014. We were happy to agree to this because we want to see the market progress and expand since we believe this will help deepen financial inclusion in Kenya, which remains one of our strategic objectives.

ACHIEVING INDEPENDENT CERTIFICATION

It gives me great pleasure to be able to report that, as well as retaining our 'Best Network in Kenya' status during the year, we progressed from benchmarking the quality of our service internally to seeking independent certification of our performance. Our network was comprehensively evaluated by leading independent testing and engineering services company, P3 Communications, and was awarded the 'Best in Test' P3 certification for the best overall results among Kenyan operators.

PROTECTING THE SAFETY OF KENYANS

We are also happy to note that the first phase of the National Security Surveillance, Communication and Control System for Nairobi and Mombasa will soon be officially handed over to the National Police Service. This first phase of the state-of-the-art system includes 1,800 CCTV cameras and 7,600 handheld communication devices connected to a national command and control

room. Over 3,000 police officers are also being trained as part of this initial deployment. We are proud of our role in building a system that will help the National Police Service protect the safety of Kenyan citizens and save lives in an emergency.

SUPPORTING WORKING MOTHERS

Another pioneering introduction during the year was our updated Maternity Leave Policy, which offers new mothers a minimum of 16 weeks fully-paid maternity leave and reduced hours for the first six months upon returning to work. This reflects our commitment to creating mother-friendly working conditions, to support mothers who have children while they are employed at Safaricom and to provide a smoother re-entry to work. We also believe that these policies will make it more attractive for female employees to join and stay on within Safaricom.

OUR COMMITMENT UNITES US

In closing, the Safaricom Board and I would like to acknowledge the efforts and achievements of staff and management during the year. We have reached several important milestones and made satisfying progress as a company. Our understanding of sustainability continues to deepen — from evaluating our personal values and behaviour to considering environmental risks — and it remains a commitment that unites us. As we anticipate the introduction our new, more customer-centric strategy next year, it feels like the first phase of our sustainability journey has been completed successfully. Your efforts and enthusiasm and commitment continue to impress us and we look forward to the next phase of our journey together with excitement and confidence.

Nicholas Nganga
Chairman and Non-Executive Director