

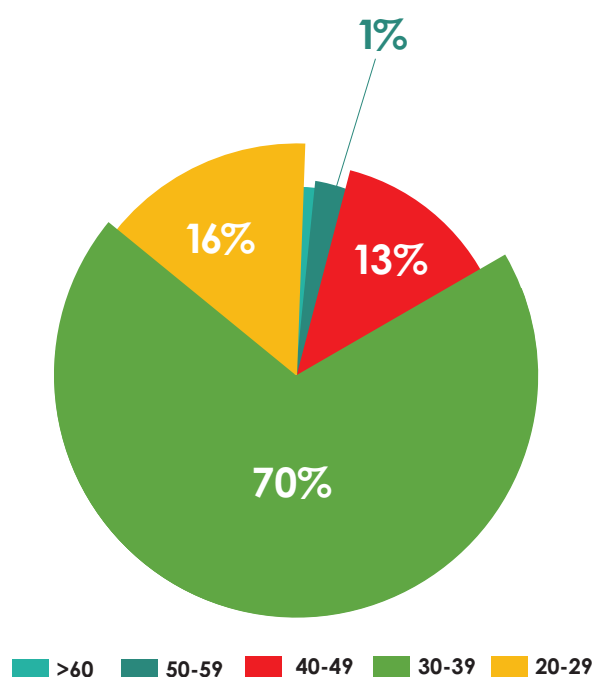
EMPLOYEES

WHO ARE OUR EMPLOYEES?

Overall, our employees are young, dynamic Kenyans, with 70% of our workforce in their 30s, 16% still in their 20s and 85% of our workforce are based in Nairobi. On the whole, our staff complement is pretty evenly split between men and women, although the number of women in more senior management positions remains relatively low.

In general, employee morale appears high and our staff appear to be happy with employment conditions at the company and motivated or engaged with their work. We assess this every year through our 'People Survey' and the results remain positive. The following table discloses our employee and line manager engagement indexes. The employee engagement index measures these four aspects: pride in working for Safaricom; personal levels of motivation; overall happiness with the working environment; and intention to stay with the company. The managers engagement index is similar, but tailored to measure aspects of the working environment that are within a manager's control. We are currently engaging with employees, managers and various other stakeholders to establish specific reasons for the slight drop in the results this year.

Employees by age bracket (%)



People survey results	FY16 Target	FY15	FY14	FY13
Employee engagement index	80%	75%	79%	76%
Manager engagement index	81%	81%	81%	77%

This is supported by a staff turnover of only 5.7%, which is the same as last year and slightly down on the 6% experienced in 2013. These exits are largely from our retail stores and the call centre and in line with expected norms for these types of positions. As the following table shows, the character of our workforce changed little during the year. Our staff complement increased slightly, but not significantly, and the gender ratio remained stable.

This was expected after the increase in the previous year when we offered permanent positions to just under 1,400 contract staff. (These were predominantly individuals in customer-facing roles and it was felt that they would embody the values and standards of Safaricom more if they felt part of the company.)

Workforce demographics	FY15 %	FY15	FY14	FY13
Number of permanent male employees	51	2,132	2,032	1,526
Number of permanent female employees	49	2,060	2,005	1,141
Total number of permanent employees		4,192	4,037	2,667

Overall, the majority of our workforce consists of permanent staff and we do not have any seasonal workers in our employment. None of our staff are covered by collective bargaining agreements; however,

we do have a Staff Council that meets on a quarterly basis to address issues and concerns raised by employees.

WHAT ARE EMPLOYEES' NEEDS AND EXPECTATIONS OF US?

Staff are able to voice their needs and expectations through a variety of channels, including the annual People Survey, the Staff Council and the Sema na CEO ("speak with the CEO") chat room. Along with the specific issues raised

during the year (discussed in detail in the next section), staff have the following four ongoing needs and expectations:

Needs and/or expectation	Our response
Market-related remuneration and benefits	We benchmark our offers regularly and ensure that these are in line with market and industry standards.
Career development and opportunities to gain recognition	We work with staff to identify career development and training opportunities every year and staff work towards those objectives. Our framework for helping staff to develop themselves is explicitly set out in our L&D Policy.
Safe, flexible and productive working environment	We have focused on creating a fair, non-discriminatory and safe environment. Acceptable working conditions are explicitly set out in our HR and OSH Policies and regularly reviewed.
Opportunity to interact with management and the CEO directly	Employees are able to raise concerns at any time through the Sema na CEO chat room and the Staff Council, which is chaired by the CEO, meets quarterly

* L&D - Learning and Development

Maintaining a safe working environment

We take our responsibility to maintain a safe working environment for staff and contractors very seriously and regret to report four fatalities this year: an employee, a contractor and two third parties. Three of the deaths were the result of road traffic accidents and one was caused by a balcony collapsing at a roof top site. Two

of the four Lost Time Injuries (LTIs) reported during the year were injuries sustained in road traffic accidents as well. The other two LTIs were caused by falls, one after slipping and one while working at height. The following table details our OSH-related incidents during the year.

FY15 OSH-related incidents

Incident Classification	Employees	Contractors	Third Parties	Total
Fatalities	1	1	2	4
Lost Time Injuries (LTIs)	2	2	-	4
Incidents	92	11	3	106
Medical Treatment Cases	8	4	9	21
Man-hours	9,233,018			
FIFR*	0.022			
LTIFR**	0.043			

Total OSH-related incidents during last three years

Incident Classification	FY15	FY14	FY13
Fatalities	4	1	6
Lost Time Injuries (LTIs)	4	6	6
Incidents	106	141	143
Medical Treatment Cases	21	48	37
Man-hours	9,233,018	8,656,000	7,255,200
FIFR*	0.022	0	0
LTIFR**	0.043	0.05	0.11

* Fatal Injury Frequency Rate (employees)

** Lost Time Injury Frequency Rate (employees)

* OSH - Occupational Safety and Health

While it is favourable to note that our employee Lost Time Injury Frequency Rate (LTIFR) has improved slightly from 0.05 last year to 0.043 for the period under review, we are determined to continue to tackle the issue of road traffic accidents and one of our initiatives during the year in this regard was the 'I Pledge' Campaign (please see the following 'How did we deliver value' section for further information about this initiative).

HOW DID WE DELIVER VALUE TO OUR STAFF DURING THE YEAR?

We are committed to being a world-class employer of choice and take our responsibility to maintain a productive, supportive and safe working environment seriously. Our vision of transforming lives begins with transforming the lives of our employees and a key aspect of this vision is to create a supportive working environment that allows us to attract, develop and retain the best staff. For brevity and interest, the focus of our report this year is on our highlights — the major initiatives and programmes that have been launched or significantly evolved during the reporting period — rather than the established, ongoing ways in which we support and empower our staff that have been in place for several years.

Empowering female staff

We were delighted to be able to announce our updated Maternity Leave Policy in March 2015. Part of our ongoing efforts to ensure that the needs of working mothers are addressed, the Policy offers new mothers a minimum of 16 weeks fully-paid maternity leave and a reduced hours for the first six months (6 hours instead of 8 per day). The Policy is part of a package of initiatives for employees who are mothers, including fully equipped and professionally staffed child care facilities, a doctor on site, a private Mother's Room and comprehensive medical insurance.

We continue to create the most mother-friendly working conditions we can for two main reasons. The first is to reduce the disruption and costs associated with replacing women leaving the workforce to raise families and the second is to help address the shortage of women in senior management positions within the company. Aside of supporting new mothers, we are also actively identifying female employees with leadership potential and deliberately growing them at every level of the company.



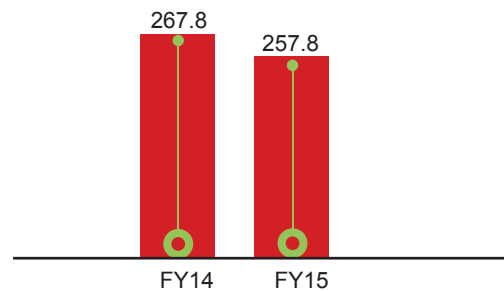
Expediting career development

We officially launched our Career Path Framework during the year, which has made it much easier for staff to identify the career paths available to them and the skills gaps they need to close in order to fast track their career development. The Framework has improved the way staff competency assessments are carried out and helps employees establish where they are in their chosen careers, along with the skills, experience and competencies required to progress to a new position. Part of our objective to nurture and grow internal talent, the Framework was launched with a company-wide awareness campaign between June and September 2014 and is available to staff through the intranet and the Safaricom Academy Portal.

Targeted training improves efficiency

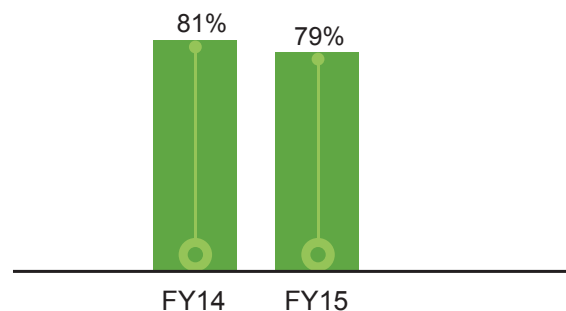
As the following table demonstrates, we managed to maintain our training spend and percentage of staff trained. Our training is however more streamlined. This was partly due to the launch of the Career Path Framework, which has enabled us to target training requirements more accurately, partly because the assessment process has had time to become embedded and accepted by staff, who are starting to realise the full benefits after using the system for two years, and partly because of an increased emphasis on using cost-effective internal resources in the form of in-house trainers and employee self-learning through the intranet and Safaricom Academy Portal.

Investment in staff training (KSH million)



FY16 Target is KSH 257.8 million

Average training index *



FY16 Target is 80%

*Percentage of staff that attended training during the year

Our training target index is 80%. Ideally we would like every member of staff attending some form of training at least once a quarter, but this is not always possible because of unavailability due to leave, illness or other commitments.

Preventing injuries and fatalities

One of the highlights of the year was the successful 'I Pledge' Campaign. The purpose of the campaign was to reinvigorate awareness of our 'Absolute Rules' and persuade employees to take the rules to heart for their wellbeing and safety. Launched in April 2015 on the World Day for Safety and Health at Work, the campaign encouraged staff to understand how the 'Absolute Rules' keep everyone safe, then undertake an honest self-assessment of their behaviour in relation to the 'Absolute Rules' and, finally, to voluntarily promise to observe the rules if they so wanted.

Raising awareness of acoustic shock

Acoustic shock is a hearing condition that can affect call centre staff and we have been monitoring and assessing the situation closely for two years. Usually triggered when people are exposed to a loud and unexpected noise, acoustic shock can leave the listener with muffled hearing, dizziness and tinnitus, a constant ringing in the ear. During the year under review, we initiated a second, follow up medical surveillance programme to test employees for the condition and monitor the situation.

Our focus is to use what we are learning about the situation to ensure that (i) staff and managers are aware of this potential condition, (ii) to explore mitigation measures, such as customised headsets, and (iii) the right procedures are in place to ensure those who may be in need can access specialist medical treatment.

FOCUS AREAS FOR THE YEAR AHEAD

From an employee perspective, the new corporate strategy for FY16 focuses on achieving operational excellence by assisting staff to expand their skills and capabilities. Consequently, much of our focus will be on consolidating the enhancements that have been made during the year. The newly launched Career Path Framework, for example, represents a significant step forward for us as an organisation and we will continue to embed this new approach in the year ahead; similarly, we will continue to establish and raise awareness of the Safaricom Academy Portal as an important means of expanding employee self-learning and skills development. Another area of focus will be learnerships and the Safaricom Discover Programme, through which we aim to develop a pool of enthusiastic young talent that will help us transform into the even more agile and customer-centric organisation the new strategy has envisaged.

