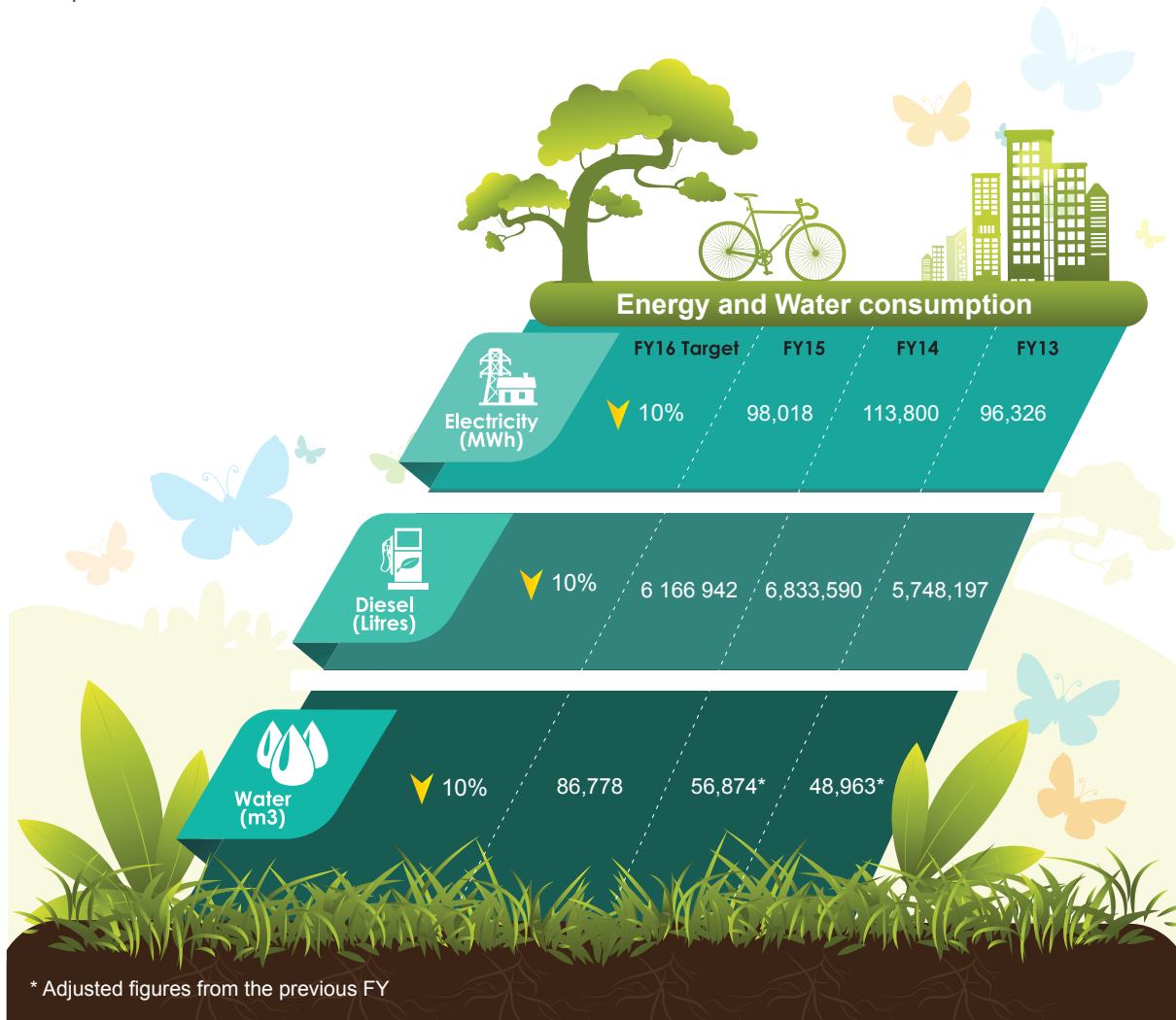




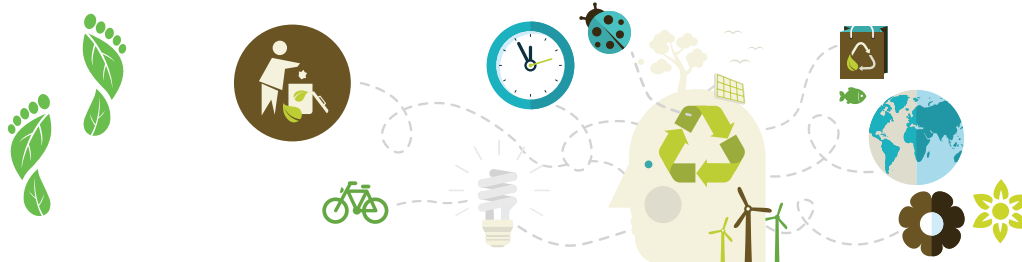
ENVIRONMENTAL IMPACT

We understand the importance of sustainable business practices. We consider the effects of our activities on natural resources and the environment and try to minimise these effects. We also recognise that responsible and effective environmental management offers a host of benefits, including financial savings from reduced waste generation and efficient energy consumption, easier compliance with environmental legislation, increased staff morale and pride, and improved customer relations.



Carbon footprint

	FY15	FY14	FY13
Scope 1 emissions (tCO2e)	24,298	34,341	28,922
Scope 2 emissions (tCO2e)	32,202	37,387	31,655
Scope 3 emissions (tCO2e)	4,953	3,634	765
Total (tCO2e)	61,452	75,362	61,342



MANAGEMENT APPROACH

We don't just ensure we comply with evolving environmental regulation and legislation, we take our social and moral responsibility to manage our environmental impact very seriously. We recognise that environmental considerations are not separate from our core business, but an integral part of our overall business strategy. It is an issue that continues to grow in importance as the size of our network continues to expand.

Our approach to managing this material matter is guided by our Environmental Policy, which has been approved by the Safaricom CEO and Executive Committee. Our Policy commits us to operating in an environmentally sound and sustainable way, and managing and reporting our environmental performance in an open and transparent manner.

Our response to this material matter is primarily managed through our energy consumption targets (of electricity, diesel and water), our carbon footprint objectives (our greenhouse gas emissions), our E-waste collection and recycling targets, our Environmental Impact Assessments (of new infrastructural developments) and our Environmental Audits (of existing infrastructure).

The Corporate Responsibility Department (CRD) is responsible for managing the environmental performance of Safaricom. The department falls within the Corporate Affairs Division (CAD), the Director of which is a member of the Executive Committee.



CERTIFIED

ACHIEVING ISO 14001 CERTIFICATION

One of our major commitments last year was to achieve ISO 14001 certification for our Environmental Management System (EMS) and we are pleased to be able to report that important milestone was achieved. The international ISO 14001 standard sets out the criteria for an effective EMS and achieving full ISO 14001-certification provides our stakeholders with assurance that our environmental impact is being measured and reported upon methodically and accurately. We are the first telecommunication company in East Africa to attain this certification.

We were audited and achieved accreditation in March 2015 and 1,359 members of staff have received EMS training to date. Certification is valid for three years and requires annual independent audits and quarterly internal audits.

Through our EMS, we have documented targets and objectives in all key areas and we are starting to capture the quantitative measures that will enable us to establish an accurate quantitative baseline in the near future. From this baseline, we will begin setting quantitative objectives and targets for carbon, water and waste management using SMART criteria.

MANAGING OUR EMISSIONS

The current scientific consensus is that global carbon emissions need to be reduced by 80% by 2050 to avoid catastrophic climate change and we are committed to being a responsible corporate citizen and visibly monitoring, reporting and reducing our carbon footprint to help meet this target.

We have calculated and published our carbon footprint for the fourth time this year. Our emissions are composed of 'scope 1' emissions, which include the diesel consumed in our generators, the fuel used in our fleet vehicles and the fugitive emissions associated with our air-conditioning systems, 'scope 2' emissions, which are the indirect emissions associated with our consumption of purchased electricity, and 'scope 3' emissions, which include other indirect sources, such as air travel and taxi hire.

We have expressed our emissions as 'Tonnes of carbon dioxide equivalent' (tCO₂e), which is the standard for comparing different greenhouse gases 'relative to one unit of CO₂'. We are pleased to report that our overall footprint has decreased by 18% this year, to 61,452 tCO₂e, which we attribute to the replacing and upgrading of our aging BTS infrastructure, the various energy efficiency initiatives we have been implementing and more accurate data collection and more certainty in our corresponding calculations. Electricity remains our largest source of emissions, followed by diesel consumed in generators and thirdly the refrigerant gases used in our air conditioning. While it is satisfying to be able to report a drop of 14% in electricity consumption, it should be noted that 20% of our electricity consumption information remains estimated.

Carbon footprint

	FY15	FY14	FY13
Scope 1 emissions (tCO2e)	24,298	34,341	28,922
Scope 2 emissions (tCO2e)	32,202	37,387	31,655
Scope 3 emissions (tCO2e)	4,953	3,634	765
Total (tCO2e)	61,452	75,362	61,342



We have calculated our carbon footprint using the Greenhouse Gas Protocol (Revised edition). Our consolidation approach for calculating our emissions is operational control. The latest electricity emission factor for Kenya published by Ecometrica (emissionfactors.com) has been used. For the other energy sources, air travel and refrigerant gases; we used the 2014-15 tCO2e Emission Factors from the UK Governmental Departments for Environment, Food and Rural Affairs (DEFRA) and Energy and Climate Change (DECC)

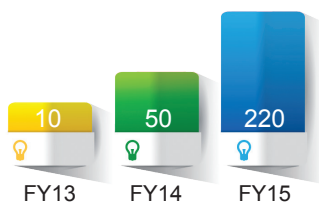
E-WASTE CAMPAIGN RAISES AWARENESS

We are delighted to be able to report that more than 170 tonnes of E-waste (discarded electrical or electronic devices and appliances) was collected during the year. The dramatic increase in waste collected in comparison to FY14 was the result of the successful awareness campaign and collection roadshows held during the year. We have cumulatively collected over 220 tonnes of e-waste since inception of the programme.

Thirty-two towns and residential estates in over 24 Counties were visited during the campaign and citizens were taught about the importance of proper disposal and recycling while their E-waste was collected. The campaign also targeted institutions, such as universities and government offices, where large amounts of E-waste are known to accumulate.

Our recycling partner, Waste Electronic and Electrical Equipment (WEEE) Centre, processes what it can here in Kenya and the rest of the waste is sent to partners in Europe.

E-waste collected (tonnes)*



* Cumulative tonnes of E-waste collected since the inception of the project
FY16 target is 300 tonnes

IMPROVING WATER AND WASTE MANAGEMENT IN OUR FACILITIES

Our water consumption has significantly increased from the prior year, this is partly due to us improving our data collection and partly due to increased usage. One of our ongoing objectives is to make our facilities as environmentally friendly and efficient as possible. During the year, we commissioned an independent assessment of the water footprint and carried out an internal audit of the solid waste streams of our main facilities: Safaricom House (our headquarter buildings); the Jambo Contact Centre (JCC); and the Safaricom Care Centre (SCC).

The water footprint assessment has been completed and six areas for improvement have been identified, including: metering remaining areas; repairing leaks; reducing water pressure (and consumption) where it is unnecessarily high; installing water-efficient taps and flushing systems where needed; implementing a water usage awareness campaign; and improving record keeping. The next step is to share these findings with the relevant Heads of Department (HoDs) to gain their support and ensure that the recommendations can be implemented in the year ahead.

The internal audit of the solid waste streams was also completed during the year and has been used to develop a comprehensive waste management action plan. The plan has identified the areas that need to be addressed and specific targets will be put in place early next year.



COLLABORATING WITH NEMA

Another exciting development during the year was the signing of an official Memorandum of Understanding (MoU) with the National Environmental Management Authority (NEMA).

The wide-ranging agreement is to help promote the management of the environment in Kenya for the next two years and the areas of cooperation include:

- Encouraging sustainability and its reporting in the public sector;
- Promoting climate change awareness; and
- Raising awareness of issues related to telecommunications technologies.

The first initiative to come out of the MoU was the training of NEMA officers and Safaricom staff on Electro-Magnetic Radiation (EMF) by an expert in the field. The training will help NEMA and Safaricom employees to understand and handle public concerns and issues in this regard better.



AUDITING OUR NETWORK

As part of our monitoring and evaluation of our environmental impact, we continued to undertake Environmental Impact Assessments (EIAs) of our infrastructural developments, such as new Base Transceiver Stations (BTS) and fibre optic networks, and Environmental Audits (EAs) of our existing infrastructure as required by NEMA.

The increase in the number of EIAs conducted during the reporting period reflects the recent growth of our network infrastructure and the roll out of BTS during the year. The decrease in EAs during the year reflects the fact that there were less BTS commissioned in FY14 than in FY13 (we carry out EAs on sites that have been 'on air' or operational for 12 months). As with the previous two years, we have not received any monetary fines from non-compliance.

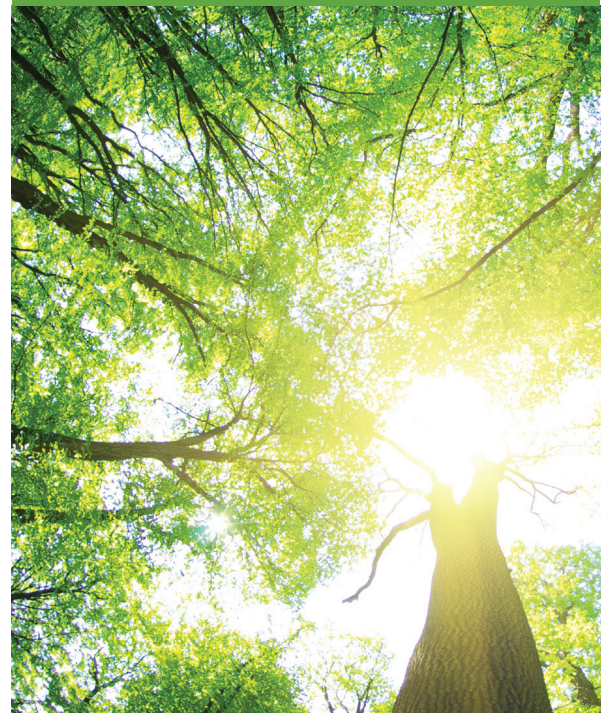
LOOKING AHEAD

Overall, the year ahead will be one of refining and embedding the systems and processes we have put in place. Our drive will be to ensure that the EMS and ISO 14001 programmes become part of the day to day operations of the company and additional awareness training will be provided where needed.

The EMS has now given us a platform from which we can create an accurate quantitative baseline and this foundation, together with the recommendations of the water and solid waste plans for our facilities, will be converted into tangible SMART objectives and targets for carbon, water and waste consumption in the year ahead.

As mentioned previously, another specific focus will also be on ensuring that the six areas for improvement identified by the water footprint assessment are addressed.

On water and waste management, we have not been able to move fast in implementation of concrete actions to better monitor our consumption and generation. This has had an impact on quality of our data reported. Some of the improvement plans have also not been completed within schedule and we are working to complete this going in to next year.



	FY15	FY14	FY13
Environmental Impact Assessments	260	185	151
Environmental Audits	275	349	430