Widening our vision, Sharpening our focus
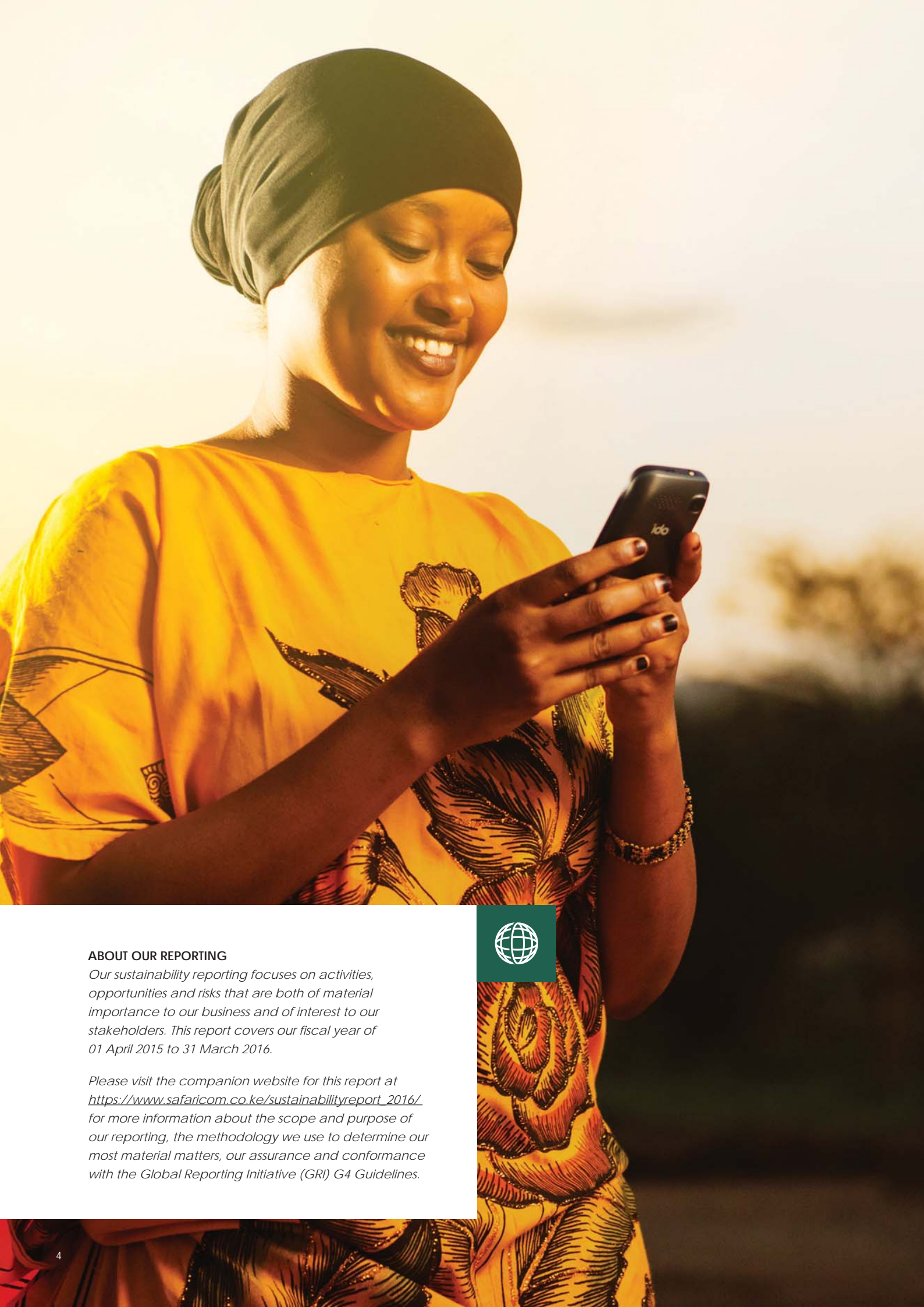
Sustainability Report 2016

Safaricom

CONTENTS

ABOUT OUR REPORTING

Our sustainability reporting focuses on activities, opportunities and risks that are both of material importance to our business and of interest to our stakeholders. This report covers our fiscal year of 01 April 2015 to 31 March 2016.

Please visit the companion website for this report at https://www.safaricom.co.ke/sustainabilityreport_2016/ for more information about the scope and purpose of our reporting, the methodology we use to determine our most material matters, our assurance and conformance with the Global Reporting Initiative (GRI) G4 Guidelines.

INTRODUCTION

Our goal is for our products and services to transform lives and contribute to sustainable living throughout Kenya.

Our vision is to use our ability to deliver connectivity and innovative services to improve the quality of life and the livelihood of every person we reach. Central to achieving this vision is our continuing commitment to managing our operations responsibly and ethically.

We believe that these two commitments — to transform lives and to operate in a responsible and ethical manner — are fundamental to our continued success and our duty to our shareholders.

Welcome to our sustainability report, a tangible expression of this ongoing commitment.

IN THIS SECTION:

"I am satisfied with our progress overall, but I remain convinced that we can do a lot more to address emerging sustainability issues faster and to ensure that sustainability is even more deeply and meaningfully integrated into our personal values and daily functions."

We switched to using **BIO-DEGRADABLE PLASTICS** for all of our retail packaging this year, based on d_2w technology.

We continue to use energy more efficiently and reduce wastage. We managed to get the cost of energy consumed per site per month down to

KSh 50,292

this year, below KSh 51,000 for the first time.

THE YEAR IN REVIEW

OUR MOST SIGNIFICANT CHALLENGES AND AREAS OF PROGRESS DURING THE YEAR.

67,760

tonnes of carbon dioxide equivalent (tCO2e) emitted this year, up

⇧**10%**

on FY15 ; however, our carbon intensity per GB of data is 2kg of CO2e per GB, a reduction of 48% from FY15.
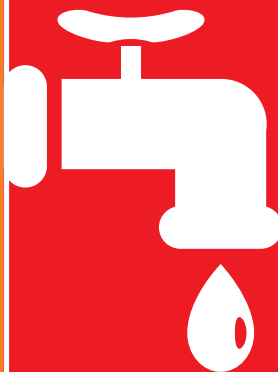
1.59 m³
MORE WATER USED
per employee this year

50%
of our employees are women

According to the True Value methodology, the total value we contributed to the wider Kenyan economy in FY16 was

KSh 383 billion

and our impact on the wider economy was to sustain over

845,846 jobs

CODE OF ETHICS

269 (81%)

of our suppliers have now signed up to the

Code of Ethics for Businesses in Kenya

Since 2013, we have collected more than

430 tonnes

of e-waste, which is the equivalent of a herd of 78 adult African elephants.
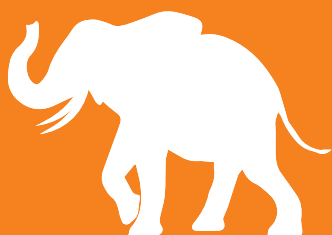
Total Revenue ⇧19.8% KSh 195.6 billion

For further detailed information about our financial performance, please refer to our Annual Report.

Enterprise Customer Satisfaction

down by

⬇ **9%**

as a result of our **fixed data services,** but we plan to address this in FY17 by intensifying the rollout of our **FIBRE-TO-THE-BUILDING** (FTTB) programme.

3 Fatalities

We take our responsibility to maintain a safe working environment for staff and contractors very seriously and regret to report three fatalities this year: *two contractors and a third party*.

Slow progress in water and waste management
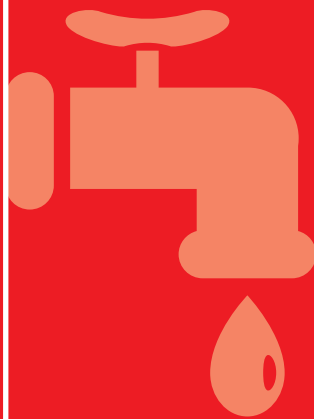
We failed to implement the recommendations of either the independent assessment of our water footprint or the internal audit of the solid waste streams of our main facilities conducted in FY15. We plan to do so in the year ahead.

We were **fined 0.1% of our Gross Annual Revenue** (GAR)

KSh 157 million

by the Communications Authority of Kenya **for not complying with its quality of service (QOS) thresholds.**

BIGbox initially fails to wow customers

We got the original launch of our **BIGbox TV** and the internet decoder wrong and had to suspend the product due to technical issues and low sales.

Important lessons were learnt from these initial setbacks and the remedies were included in the **successful re-launch** of the decoder in **November 2015**.

With the support of the Inspector General of Police and senior Law Enforcement Agencies, we proposed and formed the **Mobile Money Investigation Unit (MMIU)** in March 2014. The unit continues to be successful in fighting mobile money-related theft and fraud.

During **FY16 three** sexual harassment cases were reported (**FY15: 2 cases**).

During the year we refined our sexual misconduct policy, the policy outlines how to identify sexual misconduct, empower staff to stand up against it or call it out and offers increased reporting channels.

Despite the overall growth in consumer customers, our share of the subscriber market fell by

⇩**1.5%** to **65.6%**

during the year. *

* This reflects a change in internal reporting methodology. Our share reduced from 67% because we now report total customers as those that are 'active' and have contributed to revenue in the last 90 days, which essentially removed 1.7M inactive customers from our count.

MESSAGE FROM THE CHAIRMAN

GOVERNANCE IS THE BEDROCK OF SUSTAINABILITY

As Chairman of the Board, it is my great pleasure to present to you our fifth sustainability report. This year felt like the start of the next phase in our sustainability journey. We embarked upon an inspiring, fundamentally different strategic course and there were tough times when things didn't happen as smoothly as planned, as well as the heady highs of achievements that exceeded our highest expectations and standards.

In general, it feels fair to say that the past 12 months have been difficult ones for business in Kenya. A reality that is reflected in the disconcerting number of Kenyan firms issuing profit warnings and experiencing significant governance challenges. While the growth rate has remained strong, buoyed largely by continued public sector spending, high interest rates and a slowdown in activity in other sectors of the economy have dampened overall economic conditions.

Against this backdrop, it has been an invigorating year of transformation for us as we have restructured and reprioritised to align with our new strategy. It was a significant undertaking as we formed and integrated several new departments and decentralised many of our operations into six new regions. It is my sincere hope that this adjustment will help us to further deepen our evolving understanding of sustainability and the vital role it plays in our ability to transform lives.

Personal commitment

The Board and I remain steadfast in our conviction that strong, dynamic governance is the bedrock of sustainability. Conducting our business in an ethical, transparent and responsible manner is fundamental to maintaining the trust of our stakeholders and remaining accountable to them.

Finely worded company policies and mission statements mean little without the personal commitment of each one of us to the values and behaviour such documents describe, which is why we would like to ask you, as stakeholders, to take a moment and reflect on the role sustainability plays in your day-to-day operations and business practices.

Do you understand why we have adopted the vision and goals we have? Do you see how the way in which you conduct yourself in your role impacts on these objectives? Do you appreciate how you can make a difference on a daily basis?

On that note, we are excited to have reached the stage on our sustainability journey where we are beginning to convert our goals from a list of noble ideals into a set of meaningful, realistic daily objectives. We believe that the UN Sustainable Development Goals offer us a way of doing this and that these goals can be tied to our daily commercial objectives and used as a way of embedding sustainability deeper into the business. We have already begun this process and look forward to sharing our discoveries and progress in this regard in our report next year.

Commendable effort

In closing, the Board and I would like to thank staff and management for their enthusiasm and industry throughout the year. We have successfully navigated internal and external turbulence and continued to deliver encouraging results. We are now poised to reap the benefits of this transformation and everyone is to be commended for their energy and efforts.

Nicholas Nganga
Chairman and Non-Executive Director, Safaricom Limited

CEO REVIEW

A YEAR OF TRANSITION AND EVOLUTION

Our goal of transforming lives is the nexus at which our commitment to sustainability and our commitment to commercial success meets. We do not see these as separate objectives, but as two sides of the same coin. We cannot continue to transform lives if we are not commercially sustainable and, equally, we are unlikely to be able to transform lives in a meaningful, lasting manner if we focus solely on profits and dividends.

Measuring our wider contribution

We cannot succeed in isolation. Our success is thanks to the support of the people of Kenya as much as it is to our own efforts and, in turn, it ripples back out in support of Kenyan society. In recognition of this understanding, we are delighted to be able to articulate this reciprocal relationship for the first time in this year's report.

Thanks to the fascinating KPMG True Value methodology, we have been able to quantify both the value we create and erode in the economy, society and the environment, and consider this alongside the financial value we have generated for our shareholders.

> *"We cannot succeed in isolation. Our success is thanks to the support of the people of Kenya as much as it is to our own efforts and, in turn, it ripples back out in support of Kenyan society."*

The full calculation is available on page 22 of this report and it shows that the total value we created for Kenyan society in FY16 was KSh 414 billion, around 10.86 times greater than the financial profit the company made. It is also gratifying to learn that we sustained over 182,883 direct and indirect jobs during the year, a number that increases to over 845,846 jobs if the wider effects on the economy are included.

The True Value methodology expands the way in which we assess and communicate our transforming lives mission. It reflects our deepening understanding of sustainability and our growing need to understand how the way in which our business operations impact the society and environment in which we operate.

Recognising our weaknesses, as well as our strengths

We also launched our new company strategy this year. We simplified our approach by reducing our strategic objectives from seven to just three: 'Customer First', 'Relevant Products' and 'Operational Excellence'. As much as it is an expression of our maturing as an organisation, this new approach is a recognition of our areas of weakness as well. We have been guilty of being an overly network-led or technology-orientated company at times in the past. We have also been too focused on developing great products and then searching for customers that might want to use them.
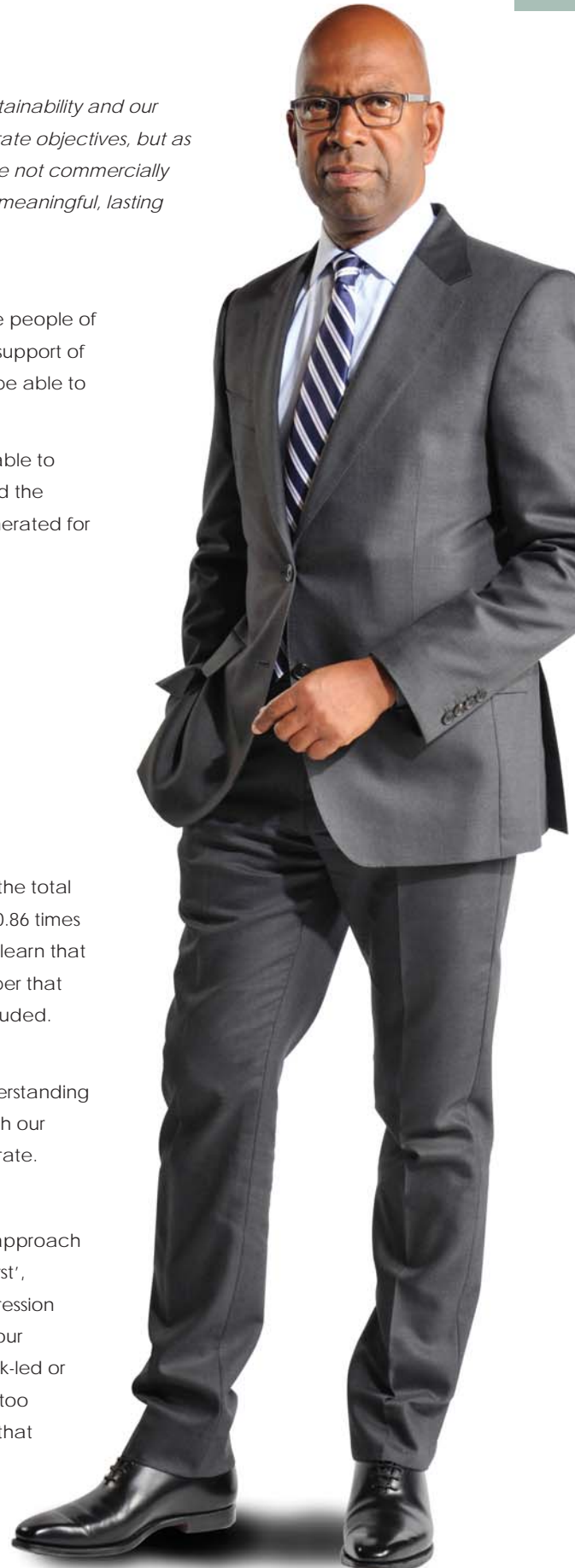
By putting the customer first, the new strategy has flipped this around. We are now focused on finding out what our customers actually require and then creating solutions to meet their specific needs. This more focused approach has required us to restructure internally during the year and, in particular, to become less centralised. We now have six regions and we have devolved many of our operations into these regions, which we believe will get us closer to our customers and able to serve them better.

Corruption remains a significant obstacle

One of the single biggest obstacles to our long-term sustainability and shared prosperity remains corruption. It is disappointing that selfish, short-term enrichment at the expense of our people and resources remains the norm, but I am heartened by some of the hard-won progress we are making within the business community.

> *"Corruption remains one of the single biggest obstacles to our long-term sustainability and shared prosperity."*

Every year, we forge closer ties and partnerships with likeminded companies in the private sector and it was rewarding to be part of the coalition that helped draft the Anti-Bribery Bill, which we hope Parliament will soon pass into law. It was also pleasing to note the enthusiastic response to the Anti-Corruption Conference we co-hosted with the UN Global Compact Network Kenya (GCNK) in December 2015. Over 400 delegates came together, representing a cross-section of the public and private sectors and civil society, and renewed their commitments to helping tackle this challenge.

High ethical standards for suppliers

As part of our responsibilities to the people of Kenya, we believe in holding our suppliers up to the very highest of ethical standards. Accordingly, we continue to insist that suppliers commit to the Code of Ethics for Businesses in Kenya. Among other responsibilities, the Code requires companies to tackle corruption actively, to introduce internal controls and programmes to achieve this, and to report back to the GCNK annually on progress. We are pleased to note that 269 or 81% of suppliers with running contracts have signed up to date.

> *"Our tough stance has not made us popular with certain sections of the business community and forced us to make tough decisions at times."*

Although our tough stance has not made us popular with certain sections of the business community and forced us to make tough decisions at times, we remain steadfast in our belief that stamping out corruption is the single most important thing we can do to transform the lives of Kenyans and that it underpins every other effort we make in this regard.

Holding ourselves to the same high standards

It is important to acknowledge that we should hold ourselves — as a company and as individuals — to the same ethical standards and principles to which we ask others to adhere. It is equally important to admit that this is an area in which, I believe, we can still improve. We have come a long way in the last few years, but have we made these ethical principles part of our individual, personal values?

I believe that the time is right for us to think about our own ethical values. Individually, we need to decide on the standards of behaviour to which we will hold ourselves accountable. Are we, for instance, people who will act with honesty and integrity, no matter the consequences? Do we do the right thing, even if it isn't in our own best interests?

> *"Are we people who will act with honest and integrity, no matter the consequences?"*

These are important considerations for us as a company and, accordingly, I was pleased to be able to take part in the 'I do the right thing' campaign during the year, which encouraged us to become aware of our own ethical values and to take personal ownership and responsibility for these.

Helping restore dignity to impoverished refugees

Chakula Chap Chap is perhaps the partnership from this year of which I am proudest. A collaboration with the UN World Food Programme (WFP) and the Kenyan government, the partnership is helping refugees in Kakuma acquire food aid conveniently and with dignity.

Kakuma in northwestern Turkana County is home to over 180,000 refugees, most of whom fled from their homes because of the ongoing civil war in South Sudan and are living in extreme poverty.

Chakula Chap Chap, which means *'Food Fast Fast'* in Swahili slang, is an initiative that enables refugees to use the M-PESA platform to obtain food from accredited distributors within Kakuma. Instead of waiting in lines for handouts and sacks of basic foodstuffs, refugees can use their food aid allowance to purchase the food they want, when they want, in much the same way that we might shop at a supermarket.

The initiative has restored the self-respect and dignity of the Kakuma refugees and created employment and business opportunities for them within the camp.

Helping to keep Kenyans safe

Another partnership between Safaricom and the Government of Kenya, and perhaps the biggest, has been the deployment of the National Surveillance, Communication and Control System. The handover of the state-of-the-art system, which has connected 195 police stations in Nairobi and Mombasa to 1,800 CCTV cameras, was completed in November 2015. The system is a response to the very real, and growing, threat of terrorist attacks and we remain proud of our non-profit role in building a system that will help the National Police Service to protect the safety of Kenyans and to save lives in an emergency.

Seeking to transform lives

Other notable projects from the year include: our *M-Tiba* health payment system, which is already helping over 10,000 low income earners save towards their healthcare expenses and receive donations; the Fertilizer E-subsidy programme, through which 20,798 farmers have successfully redeemed 29,705 bags of fertilizer; and *Shupavu 291*, an SMS and USSD-based education platform that enables students to take quizzes, search for information and even ask teachers questions in real-time.

Supporting innovative local entrepreneurs

We have always been a pioneering, proudly Kenyan company and we remain dedicated to supporting innovative local entrepreneurs in every way we can, which is why I am pleased to be able to report that the venture capital fund we set up last year has already borne fruit.

Exciting local start-up, Sendy Limited, which offers a motorcycle on-demand delivery service based in Nairobi, has become the first recipient of investment and we look forward to seeing them grow.

The Safaricom Spark Fund is an expression of our commitment to stimulating innovation within the Kenyan developer community and I hope that we will be able to announce further investments in other Kenyan start-ups in the near future.

A year of transition and evolution

As I look back over the year, I am proud of our many achievements and the way that we have continued to push beyond traditional commercial boundaries in order to have a positive impact on society as a whole. In many respects, it has been a year of transition as we have embedded our new strategy and regionalised our structure, but I believe that both of these tasks have been largely completed and I look forward to reaping the benefits of this evolution in the year ahead.

> *"I am satisfied with our progress overall, but I remain convinced that we can do a lot more to address emerging sustainability issues faster and to ensure that sustainability is even more deeply and meaningfully integrated into our personal values and daily functions."*

In closing, I am satisfied with our progress overall, but I remain convinced that we can do a lot more to address emerging sustainability issues faster and to ensure that sustainability is even more deeply and meaningfully integrated into our personal values and daily functions. In this regard, I am excited about the prospect of using the recently launched Sustainable Development Goals to help us achieve this ambition and I look forward to reporting on our progress in this regard next year.

Bob Collymore
Chief Executive Officer, Safaricom Limited

OUR BUSINESS

We are a Kenyan communications company. We provide voice, data and financial (mobile money) products and services to consumers, businesses and public sector clients.

This section presents a brief overview of the company and the business ecosystem within which we operate. It includes a summary of our strategy, an explanation of how sustainability fits into our strategy, our business model and an assessment of the total value we have created and allocated during the reporting period.

IN THIS SECTION:

ABOUT SAFARICOM

Safaricom Limited (Safaricom) is an integrated communications company, providing voice, data and financial (mobile money) products and services to consumers, businesses and public sector clients. We have over 25 million customers and annual revenues in excess of KSh 195 billion. We operate solely in Kenya and our headquarters are located at Safaricom House in Nairobi.

Our operations consist of Safaricom House 1, 2 and 3, the Safaricom Care Centre, the Jambo Contact Centre, 44 retail stores and a network of 3,800 2G-enabled base stations, of which 2,517 are 3G and 463 are 4G-enabled.

Our shareholding structure is composed of the Government of Kenya (35%); Vodafone Group Plc (40%) and free float (25%). We are listed on the Nairobi Stock Exchange, trading in the telecommunications and technology segment.

Safaricom has four subsidiaries, which are 100% held and are disclosed in note 19 of the Annual Financial Statements in our 2015 Annual Report. These subsidiaries are covered by the disclosures in this report.

2000

YEAR FOUNDED

HQ

NAIROBI

4287

EMPLOYEES

Shareholding structure:
- 35%
- 25%
- 40%
- GOVT. OF KENYA
- VODAFONE
- FREE FLOAT
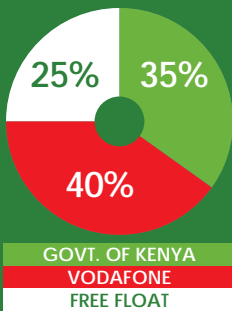
SHAREHOLDING STRUCTURE

SAFARICOM AT A GLANCE

65.6%
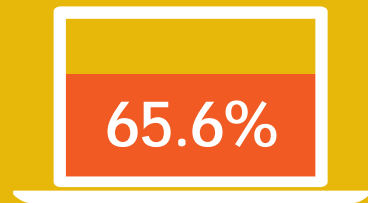
MARKET SHARE
(% subscribers)

100744

M-PESA AGENTS

3800

NO. OF BASE STATIONS

195.7
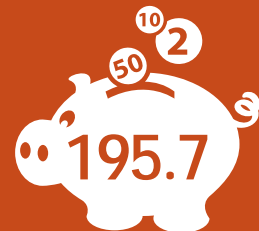
ANNUAL REVENUE
(KSh billion)

78% 3G
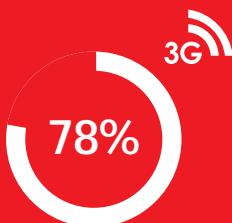
POPULATION COVERED BY **3G**

95% 2G
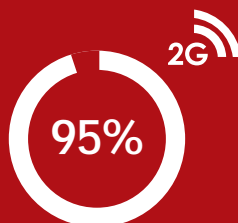
POPULATION COVERED BY **2G**

25.2

CUSTOMERS
(million)

OUR BUSINESS MODEL

Our business model explains how we operate and how execute our strategy and achieve our vision of transforming lives.

Safaricom remains the largest mobile operator in Kenya serving over 25 million customers. Our services include mobile and fixed voice, messaging, data, internet and M-PESA, a mobile-based money transfer and cashless payment platform. Our goal remains to transform lives with unmatched, innovative and superior products and services that meet the needs of Kenyans.

INPUTS

CORE BUSINESS ACTIVITIES & PROCESSES

OUR NETWORK
Our operations consist of Safaricom House 1, 2 and 3, the Safaricom Care Centre, the Jambo Contact Centre, 44 retail stores and a network of **3,800** 2G-, **2,517** 3G- and **463** 4G-enabled base stations.

We cover **95%** of the population on 2G and **78%** on 3G.

CORE PROCESSES
• **Enterprise Business:** Offers business solutions to business customers.

• **Consumer Business:** Offers products and manages the distribution channels catering to the needs of individual customers.

• **Financial Services:** Offers mobile financial services and solutions.

• **Regionalisation*:** Co-ordination of our decentralised approach.

* (Coast Region, Rift Region, Western / Nyanza Region, Nairobi East, Nairobi West, Mount Kenya)

OUR RELATIONSHIPS
We rely on the relationships with our **25.2 million** customers, **100,744** M-Pesa agents, **456** dealers, **1,094** suppliers, business partners, shareholders, regulators, **4,287** employees and other stakeholders to remain socially relevant and operate as a responsible corporate citizen, in order to deliver our business strategy.

CUTTING ACROSS BOTH CORE & SUPPORT PROCESSES
Customer Experience Excellence: Ensures that we adopt a customer-centric approach to all aspects of how we do business.

SUPPORT PROCESSES
Technology, Risk Management, Corporate Affairs, Internal Audit, Customer Operations, Marketing, Strategy and Innovation, Resources, Finance

PURPOSE: "We commit to deliver connectivity and innovative products and services that will provide unmatch exploring opportunities in Health, Education and Energy . We will do so by managing our operations responsib

OUTPUTS	OUTCOMES

OUTPUTS

Our products include the following (Revenue contribution %):

VOICE (51.1%)
Prepaid and Postpaid voice plans.

M-PESA (23.3%)
A fast, safe and affordable way to send and receive money, and pay for goods and services via mobile phone.

MESSAGING (9.7%)
SMS bundles, MMS, call back SMS notifications for missed calls and 'please call me' messages.

MOBILE DATA (11.9%)
High speed data connectivity for access to the internet through fixed and mobile broadband.

HANDSET (1.9%)
Mobile handsets, mobile broadband modems, routers, tablets, notebooks and laptops.

FIXED SERVICES (2.1%)
Wireless services, fixed lines and mobile solutions, including fibre and leased lines. In addition, dedicated internet solutions for enterprises and hosted services.

Value to our stakeholders:

DIRECT & INDIRECT
2016 True Value bridge

Refer to page 22 for detail on True Value

OUTCOMES

VISION: To transform lives

STRATEGIC PRIORITIES:

CUSTOMER FIRST
Get closer to the customer

EXCELLENT OPERATIONS
Focus on customer service

DELIVER RELEVANT PRODUCTS
Meeting customer needs

SUSTAINABLE DEVELOPMENT GOALS
Entrenching the SDGs within the business to achieve prosperity, while protecting the planet. Refer to page 74 for detail on SDGs.

ed solutions to meet the needs of Kenyans by enabling access through our technologies and partners and by ly and ethically. This will stimulate growth and generate value for our company, society and economy."

OUR STRATEGY

During the year, we rolled out a new strategy for the organisation. We simplified our approach from seven strategic objectives to just three: 'Customer First', 'Relevant Products' and 'Operational Excellence'. The new strategy is a reflection of both our growing maturity and sophistication as a company and an acknowledgement of areas of weakness.

We have entered a new, third phase as a growing communications company. The first phase was focused on the development of the network. The second phase was centred on the creation of a plethora of interesting products and services. In this third phase, we are refocusing our approach and, instead of starting with questions like 'what is it technologically possible to deliver?', we are starting with our customers and asking 'what do they need and want from us?'.

Bringing the customer inside the business

At the heart of our new 'Customer First' approach is more advanced segmentation. We have over 25 million customers of all ages and backgrounds and so their needs are very diverse. In order to understand our customers and their different, specific needs better, we have begun classifying and analysing them in much smaller groups or 'segments'.

MUSIC TO OUR CUSTOMERS' EARS: OUR NEW CUSTOMER-FOCUSED STRATEGY IS HELPING US STRENGTHEN OUR WEAKNESSES.

Designing relevant products

Instead of creating a product and then assessing which of our customers might want to use it, we have begun a process we call 'insighting', through which we identify and understand the needs and challenges a specific customer segment faces, and then we use this insight to design relevant products and services that meet those exact needs.

Removing internal barriers

These new products and services are then supported and delivered through 'Operational Excellence'. This objective requires us to assess every aspect of the business from the perspective of how well it is serving the customer and helping to deliver quality experiences to them — throughout their 'lifetime' or journey as customers of Safaricom and through their interactions at every one of our 'touch points', such as the call centre, retail shops and the website.

> *'Operational Excellence' requires us to assess every aspect of the business from the perspective of how well it is serving the customer and helping to deliver quality experiences to them.*

The wide-reaching 'Operational Excellence' objective of the new strategy includes: how well we design our new products; how fast we deliver them to market; how seamlessly we support these new products technologically; how streamlined and efficient our internal processes are; how tightly we are managing our costs; and how consistently we are managing our distribution network and the experiences customers have with our agents and dealers.

As part of this objective, we moved from 'Best Network in Kenya' (BNK) to 'Best Network for You' (BNU). This migration reflects our commitment to ensuring that each of our 25 million subscribers experiences network improvements directly and personally. It also reminds us to focus network improvements on the changing needs of individual customers.

Restructuring the business

To reflect this new strategic approach and understanding, the business was restructured during the year. Several new departments were created, including Segments Marketing, Customer Experience Excellence, Customer Value Management and the Project Management Office. As its name suggests, the Segments Marketing Department features teams of marketing and product specialists that are focused on gleaning insight about specific customer groups. The Customer Experience Excellence Department supports the new strategy by raising awareness of customer experience responsibilities and challenges throughout the business and setting targets for every team. The Customer Value Management department ensures that we understand the needs of our consumer and enterprise customers and, in turn, that our customers are extracting maximum value from our products and services. The Project Management Office then coordinates the delivery of new projects and ensures that each one is aligned to the new strategy. We also created Regional teams to co-ordinate the services we deliver in each region of the country, allowing for faster, decentralised decision-making.
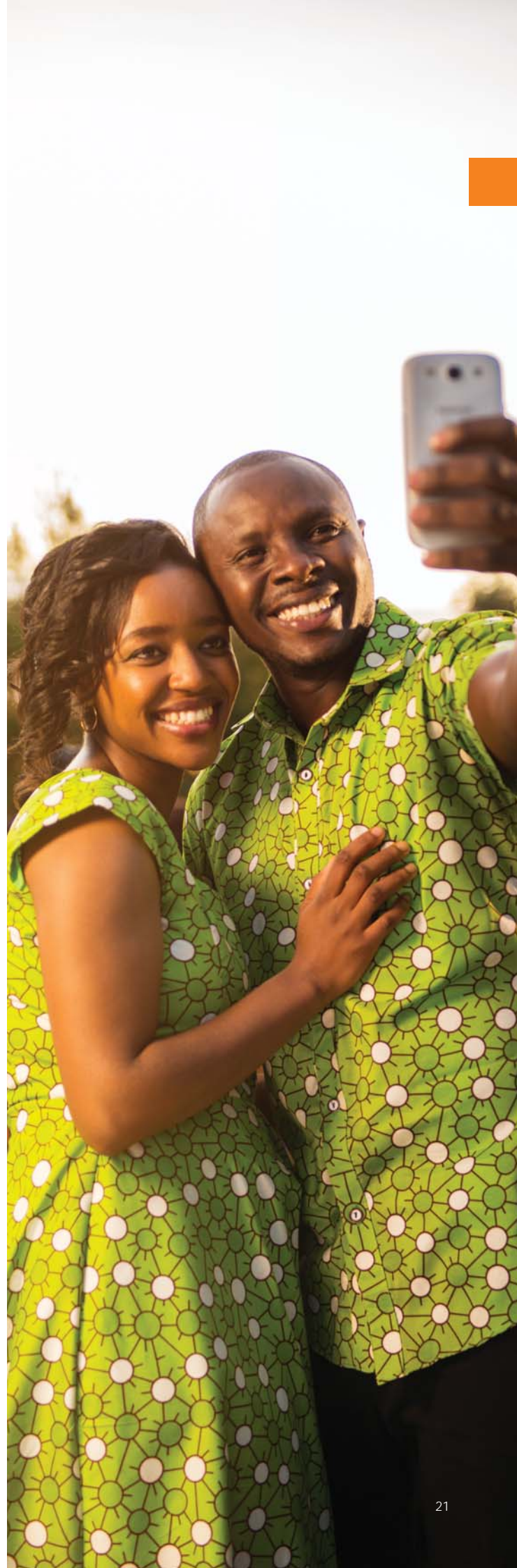
OUR SUSTAINABILITY VISION

We aspire to use our products and services to transform lives and contribute to sustainable living throughout Kenya. Based on this fundamental aspiration, our vision sets out how we use our ability to deliver connectivity and innovative services to improve the quality of life and livelihoods of the people we reach. Central to achieving this vision is our commitment to managing our operations responsibly and ethically.

Communications technology is already an essential part of most people's lives and is transforming the world in which we live. We believe that we can continue to grow our business and enhance our brand by developing innovative, commercially viable solutions that both support sustainable development and improve the quality of life of Kenyans. Our M-PESA mobile money transfer product, for instance, has become a platform for a range of services that are improving livelihoods.

We aspire to use our products and services to transform lives and contribute to sustainable living throughout Kenya.

As well as providing first time access to the internet for many Kenyans, we continue to build on our work in areas such as agriculture, education and health, where technology is recognised as a critical tool that can make a significant difference to people's lives.

We also consider maintaining the trust of our stakeholders and remaining accountable to them as vital to achieving our vision. As a result, we are committed to retaining that trust by managing our operations responsibly by keeping our people safe, managing our environmental footprint, protecting the privacy of our customers and conducting our business in an ethical and transparent way.

Our vision is based upon the twin pillars of responsible, ethical business and transformational products and services:

RESPONSIBLE, ETHICAL BUSINESS

Acting responsibly, honestly and with integrity is good for business, good for individuals and good for society. We are committed to the very highest ethical standards and promote a culture that values personal and corporate integrity.

- Strong governance structures
- Ethics and anti-corruption initiatives
- Business partner sustainability programmes
- Corporate social investment

TRANSFORMATIONAL PRODUCTS AND SERVICES

Communications technology has the potential to transform lives and societies. We are committed to developing innovative products and services that help our customers realise this potential and enjoy improved access to essential services.

- Affordable and relevant products & services
- Financial inclusion
- Public sector support
- Innovation for social impact

"Sustainability and sustainability reporting is much more than the set of procedures, policies and business practices that constitute its parts, it is a philosophy and set of values that guides and defines decision making throughout the company, and shapes our future positioning."

Nicholas Nganga, Chairman and Non-Executive Director

HOW SUSTAINABILITY FITS INTO OUR STRATEGY

Our sustainability strategy stems from our commitment to responsible, ethical behaviour in everything that we do and our core values of 'speed', 'simplicity' and 'trust'. Our goal remains that of 'transforming lives' and this purpose statement permeates every decision made by the company, encouraging us to push beyond traditional commercial boundaries in order to have a positive impact on society as a whole and driving us towards an ever more sustainable and responsible way of doing business.

Our approach to sustainability is based on our determination to manage and grow a safe, efficient and profitable business. We recognise that our business practices today must be designed to create and shape a sustainable tomorrow.

Sustainability encourages us to push beyond traditional commercial boundaries in order to have a positive impact on society as a whole.

We are committed to responsibly managing the economic, social and environmental impact we have on the communities and landscapes that surround and support us. We believe that each one of our three new strategic objectives — 'Customer First', 'Relevant Products' and 'Operational Excellence' — has the potential to deliver meaningful, sustainable socio-economic benefits to society in general, as well as to our customers.

Accountability

Ultimate accountability for sustainability within Safaricom lies with the Chief Executive Officer (CEO), Bob Collymore. He is the sustainability champion on the Board of Directors and presents all sustainability-related considerations to the Board.

Our Director of Corporate Affairs reports directly to the CEO and provides him with regular updates on the sustainability process so he can feed these into updates to the Board. While sustainability is considered the responsibility of EXCO within Safaricom, the Director of Corporate Affairs is the focal point for the implementation of our sustainability strategy.

EXCO is assisted by a team of Sustainability Champions. The Champions represent every division within the business and we have a total of around 30 colleagues who work with sustainability as one of their core tasks.

HOW SUSTAINABILITY FITS INTO THE BUSINESS

STAKEHOLDERS & SHAREHOLDERS

BOARD OF DIRECTORS

CEO

EXCO

DIRECTOR OF CORPORATE AFFAIRS

DIVISIONAL SUSTAINABILITY CHAMPIONS

Co-creation

Sustainability is embedded within the daily operations of Safaricom using a 'top-down, bottom-up' co-creation approach. This approach was adopted because it is a flexible, inclusive one that draws on the strengths of both the managerial and operational levels within the company.

EXCO and the team of Sustainability Champions work simultaneously and in parallel to articulate sustainability requirements in a way that makes sense and is relevant to each Division.

This approach entails extensive, ongoing consultations and conversations at all levels and functions across the company, but ensures that colleagues at every level embrace, understand and take ownership for sustainability

THE TRUE VALUE WE HAVE CREATED

We create value for all of our stakeholders through the products and services that we make available. A portion of this is monetized through income generated for the company. Although appreciated and recognised by internal and external stakeholders alike, the value contribution we make to the economy, society and environment in Kenya is significantly more than this.
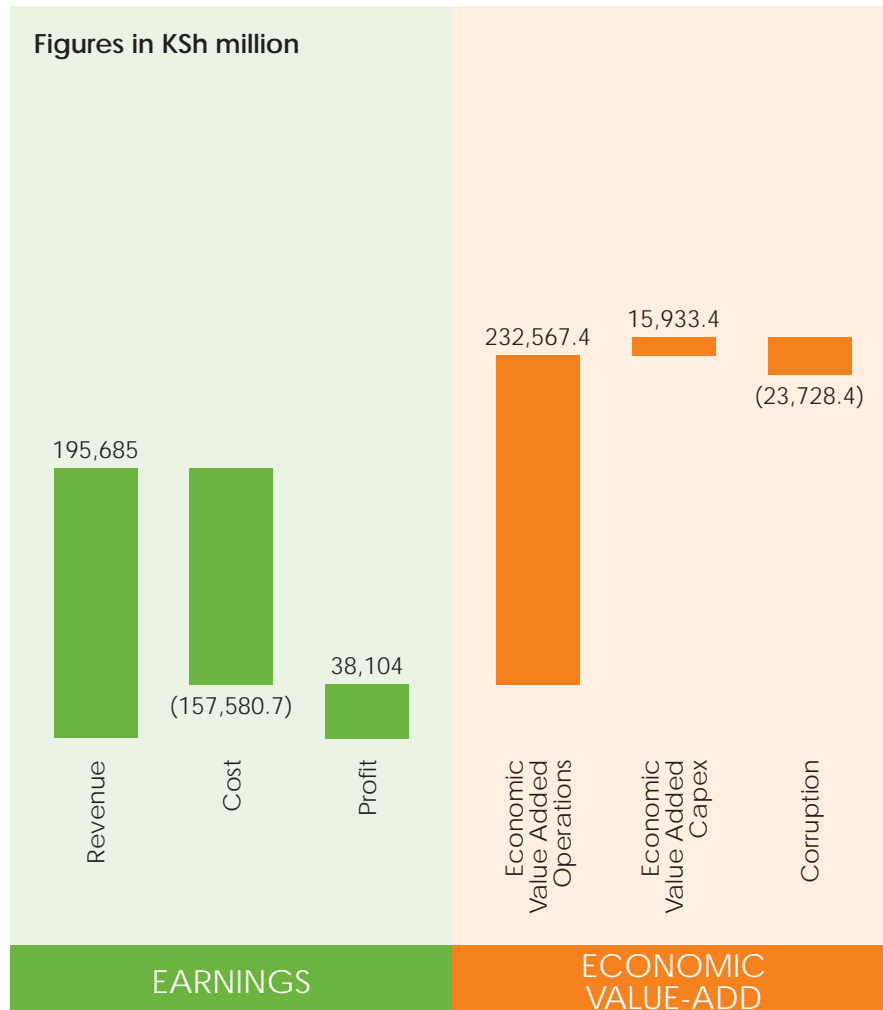
Using a pioneering assessment carried out in partnership with KPMG, we have been able to measure and report on this contribution that we make which has, until now, not been valued. We have used the KPMG "True Value" methodology to identify the most material socio-economic and environmental impacts of the company and to quantify them in financial terms.

The net value of the monetised positive and negative externalities gives an indication of the total value that the company created for the people of Kenya. We released our first True Value report for FY15 and have now updated the results for the year ending 31 March 2016, which are included in the following 'True Earnings' bridge infographic.

Monetisation is fast gaining momentum as an approach that helps companies to understand and increase the value they create for society. Safaricom is the first major company in Africa to publicly communicate the value it creates for society in this way.
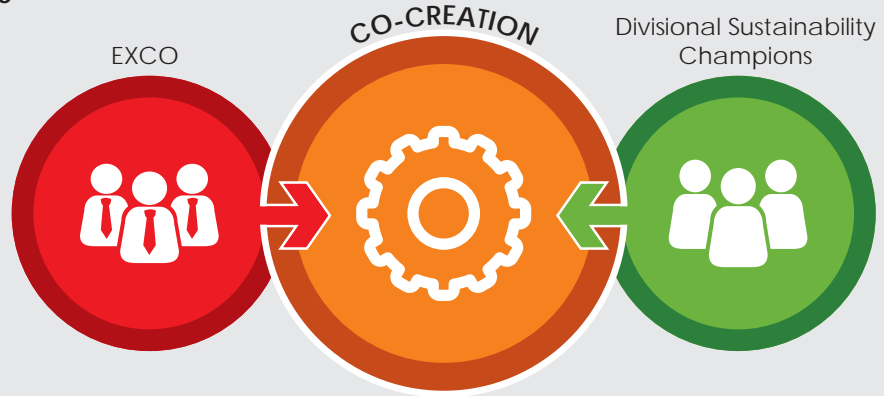
SAFARICOM TRUE VALUE BRIDGE:

The Safaricom true value bridge shows that the total value we created for Kenyan society in FY16 was KSh 414 billion, around 10.86 times greater than the financial profit the company made.

Figures in KSh million

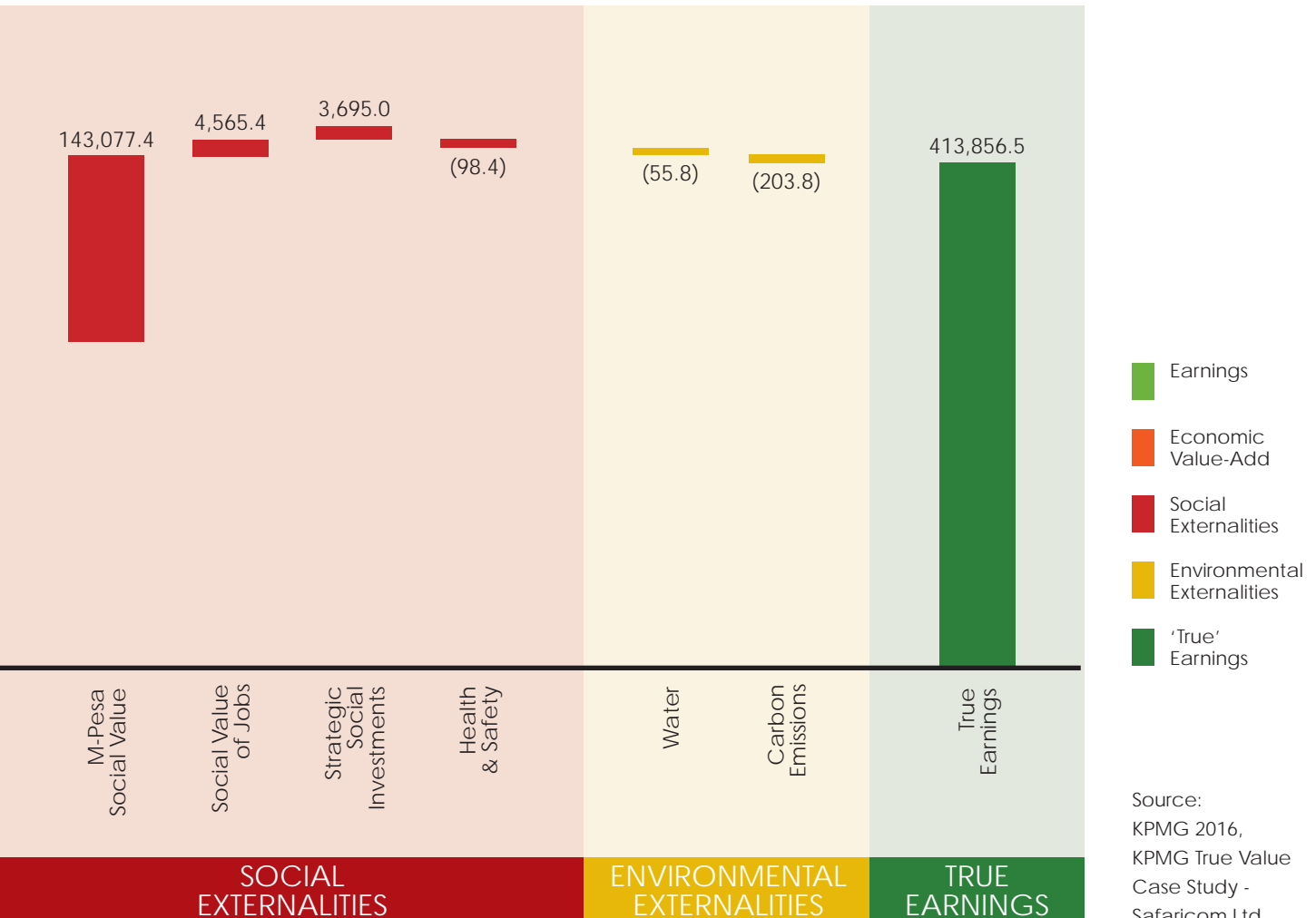|	EARNINGS			ECONOMIC VALUE-ADD		
	Revenue	Cost	Profit	Economic Value Added Operations	Economic Value Added Capex	Corruption
	195,685	(157,580.7)	38,104	232,567.4	15,933.4	(23,728.4)

THE CO-CREATION PROCESS

EXCO and Divisional Sustainability Champions both interpret the sustainability vision of the company and translate it into specific, relevant action plans and targets.

EXCO CO-CREATION Divisional Sustainability Champions

The True Value assessment shows that Safaricom sustained over 182 883 direct and indirect jobs during the year and, if the wider effects on the economy are included, this number increases to over 845 846 jobs.

143,077.4

4,565.4

3,695.0

(98.4)

(55.8)

(203.8)

413,856.5

M-Pesa Social Value

Social Value of Jobs

Strategic Social Investments

Health & Safety

Water

Carbon Emissions

True Earnings

SOCIAL EXTERNALITIES

ENVIRONMENTAL EXTERNALITIES

TRUE EARNINGS

Earnings

Economic Value-Add

Social Externalities

Environmental Externalities

'True' Earnings

Source: KPMG 2016, KPMG True Value Case Study - Safaricom Ltd

The FY16 value bridge estimates that the total value Safaricom created for Kenyan society was 10.86 times greater than the financial profit the company made during the same period. This has been an increase from FY15 which was 10 times. This can largely be attributed to the growth in the number of customers, the wider range of products and services available to customers and the growing network.

For FY16, another element was also included in the calculation. This is the 'Social Value of Jobs', which considers all of the direct and indirect jobs created by the operations of Safaricom and values the social value — over and above their salaries — created for people whose employment is linked to Safaricom.

The company creates the greatest value for society through the added economic value it generates from its operations and capital expenditure, along with the positive social impacts created by its M-PESA mobile money transfer service.

How value is created and eroded

Economic elements:

Safaricom's contribution to the Kenyan economy, which takes into account both economic value generated and tax paid, amounts to KSh 249 billion. If the wider effects on the economy are included, this number increases to KSh 383 billion, approximately 6 percent of the Gross Domestic Product (GDP) of Kenya. The Capital Expenditure of the company in the period created Ksh 15 billion in direct and indirect value, and Ksh 27 billion with the wider effects on the economy.

This value is eroded by corruption in the Kenyan economy. This is not directly related to the operations of Safaricom, but the assessment acknowledges that corruption is likely to prevent some of the economic value that Safaricom creates from reaching the intended recipients.

Social elements:

The greatest contribution to Social Value is M-PESA. The social value created by M-PESA in FY16, excluding transaction fees, has been calculated at KSh 184.5 billion. This is 4.45 times the total amount of transaction fees earned by Safaricom in the same period and means that, for every M-PESA transaction that takes place, KSh 67.36 of value is being created for Kenyan society.

It is interesting to note that, while the significant contributions of the M-PESA and Safaricom Foundations create tangible social value, this is small in comparison with the impact of M-PESA, illustrating the power of the operations of a company in creating positive social impact.

The new addition of the social value of jobs is also less significant. This is largely due to the fact that: a significant portion of employment value is captured economically (through salaries); Safaricom cannot take full responsibility for indirect jobs as a number of them would exist without Safaricom; and a significant portion of direct employees would be able to find employment elsewhere, if necessary.

Health and safety incidents that take place as a result of the operations of the company are the only element that erode social value.

Environmental elements:

The nature of the operations of Safaricom mean that negative environmental impact is minimal; however, carbon emissions from fuel electricity consumption, as well as the consumption of water do reduce the value created. This is mitigated to some degree by activities at Safaricom such as water and electricity saving initiatives, as well as recycling projects.

Please visit the companion website for this report at
https://www.safaricom.co.ke/sustainabilityreport_2016/
for more information about how we determined our
material matters.

MATERIAL MATTERS

Our sustainability material matters are the most important environmental, social, economic and governance risks and opportunities for our organisation and stakeholders. This section describes each of our most material matters and how these influence us and how we respond to them as an organisation.

There have been no significant changes to the scope of our material matters from last year and all of these matters are material to all entities within the organisation.

IN THIS SECTION:

28 — ## GOVERNANCE RISK AND REGULATION
Upholding the highest standards of corporate governance and acting in an ethical manner makes business sense.

35 — ## NETWORK QUALITY
Our network is core to our business. It allows us to differentiate ourselves in a competitive market and is the medium through which we transform lives.

42 — ## INNOVATION
Innovation is central to achieving our strategic objectives, retaining our competitive edge and ensuring that we continue to grow.

50 — ## ENVIRONMENTAL RESPONSIBILITY
We understand that we have an impact on the environment and that we have a responsibility to mitigate our negative environmental impacts.

GOVERNANCE, RISK AND REGULATION

STRONG GOVERNANCE

We ensure that Safaricom is run in an ethical, transparent and accountable manner by having robust governance processes and structures in place, along with explicit guiding principles and clear lines of responsibility. This minimises the risk of corruption and fraud, which, in turn, bolsters the reputation and trust we enjoy, strengthens employee morale and engagement, and improves stakeholder sentiment and interest.

Unlawful or dishonest dealings will not only impact revenues negatively, and damage the brand and reputation of the company in the market, but are likely to result in legal charges, potential imprisonment, fines, a loss of investment and other unconstructive consequences.

Our response to governance is multi-dimensional and requires having the right structures in place and then monitoring and evaluating these regularly.

Please refer to the 'Governance, Risk and Regulation' section of the companion website for this report at https://www.safaricom.co.ke/sustainabilityreport_2016/ for more information about our governance structures and reporting processes.

ROBUST RISK MANAGEMENT

Our governance objectives are supported by our risk management processes. We use a combination of bi-annual risk assessments, together with audit and fraud reviews to monitor and manage risk throughout the company.

We also benchmark ourselves against other leading telecommunications operators and independent assurance is provided through both internal and external audit functions. As a company, we also endeavour to apply the Precautionary Principle to all of our activities to help ensure that we continue to act as a responsible corporate citizen.

'Customer First' risk management

One of our primary responses to the new company strategy was to explore ways of expanding our risk management to meet the needs of our customers. An example of this new approach was to increase the number of fraud reviews conducted on areas that affect customers directly, such as data confidentiality, premium rated services and fixed data services.

We also sought to help customers by becoming more actively involved in tackling criminal syndicates preying on M-PESA customers. With the support of the Inspector General of Police and senior Law Enforcement Agencies, we proposed and formed the Mobile Money Investigation Unit (MMIU) in March 2014. The success of the new unit has already been such that we are looking to decentralise it and set up units in each of our six regions to improve our reach and response times.

Our automated fraud management system was upgraded extensively during the year as well, enabling us to identify suspicious patterns, such as the bulk sending of fraudulent SMS messages (blasting), across the network quicker.

An enhanced Revenue Assurance System was also introduced during the year to help ensure that customers receive accurate bills and are not over-charged. The new system is more powerful and covers more revenue streams than the old system.

Our security teams — the teams responsible for ensuring the physical safety of employees, equipment and members of the public on company property and at Safaricom events — have also been restructured and devolved to the six regions to ensure faster response times.

Risk assessments

Bi-annual risk assessments carried out by the Risk Management Division. These assessments are supported by in-depth audit reviews of specific internal controls within the organisation and fraud reviews of processes that are suspected of having become compromised.

Anti-corruption monitoring measures	FY16	FY15	FY14
Risk assessments (bi-annual)	9	7*	12
Audit reviews	20	19	32
Fraud reviews	11	6	13
Special request reviews	11	11	3

reflects a change in methodology

Each of the nine risk assessments was conducted twice during the year and encompassed the following categories: enterprise risk management, operational risks, strategic risks and ethics risks per strategic objective. Some of the key risk items identified during the year included: adverse regulation, business disruptions due to systems instability, competition and delays in rolling out key projects. Mitigation plans were then developed to counter any of the risks identified.

Fraud reviews

We also continue to take proactive steps to identify cases of fraud. These steps include using the fraud management system to identify possible cases of fraud and to carry out in-depth fraud reviews to determine whether fraud had occurred within key processes. Eleven fraud reviews were carried out. The fraud reviews have been key in uncovering frauds and also in proactively enhancing controls to prevent the occurrence of fraud in the future.

Audit reviews

Twenty audit reviews were also carried out during the reporting period. The objective of the reviews was to obtain assurance on the adequacy, design and operating effectiveness of internal controls. Eleven additional reviews were carried out that were special requests from management.

Fraud investigations

Where unethical action was suspected during the year, investigations were undertaken. The investigations covered various frauds, including asset misappropriation, fraudulent expense claims and corruption cases. The investigations led to disciplinary action against members of staff and, in two cases, reporting cases to law enforcement officers and prosecuting suspects.

Anti-corruption corrective measures	FY16	FY15	FY14
Fraud cases investigated	27	29	89
Outcomes of investigations:			
Disciplinary warnings	13*	13	16
Dismissals	18*	58	56
Cases reported to law enforcement agencies	2	4	7

The Annual Report disclosed 18 disciplinary warnings and 16 dismissals. Subsequent to its publication the numbers were assured as 13 disciplinary warnings and 18 dismissals.

While the number of investigations carried out during the year was substantively the same as FY15, the average number of people implicated per case dropped dramatically and resulted in a marked reduction in the number of dismissals, down to 18 from 58 in FY15.

Although every case of fraud is one too many, this trend is gratifying in as much as it suggests that the nature of fraud within the organisation may be changing from the collusive behaviour of groups of people to the isolated actions of individuals.

It is still early days, but this positive trend could be attributed to the continuous ethics awareness training being provided, growing vigilance on the part of employees and the fact that swift action is taken against those found to have engaged in fraud.

ETHICS AND VALUES

Underpinning governance and risk management are our ethics and values, which are the principles and standards that guide our behaviour as employees and individuals. We use an independent ethics perception survey and preventative measures like our ongoing ethics awareness and staff anti-corruption training programmes to monitor and manage the ethics within Safaricom.

While we acknowledge that there is still much to be done, we believe that we have been making good progress in terms of enhancing the 'ethical climate' within the company. It certainly appears that staff are increasingly aware of ethical issues and that management are handling these issues well.

Ethics awareness sessions

We continued to conduct regular ethics awareness sessions with staff during the year. The focus of the sessions was on addressing the concerns that were revealed by the ethics perception survey conducted in January-February 2015. The survey is an independent assessment of the opinions of our internal and external stakeholders conducted by the Ethics Institute of South Africa every two years.

One of the ethical risks identified by the survey is an obsessive focus on KPIs among employees and the danger of this breeding a culture within the company of 'the end justifying the means' — where the only thing that matters is achieving the target and not the process used to achieve the number. We are continuing to explore ways in which ethical impacts can be measured as part of performance against targets.

The survey also identified sexual harassment as another potential mid-level risk. During FY16 three sexual harassment cases were reported (FY15: 2 cases). During the year we refined our sexual misconduct policy, the policy outlines how to identify sexual misconduct, empower staff to stand up against it or call it out and offers increased reporting channels. We also provided improved training to our Ethics Champions to better identify, handle and report such sensitive cases. Our expectation is that the drive in awareness and engagement throughout the company will result in changed behaviour.
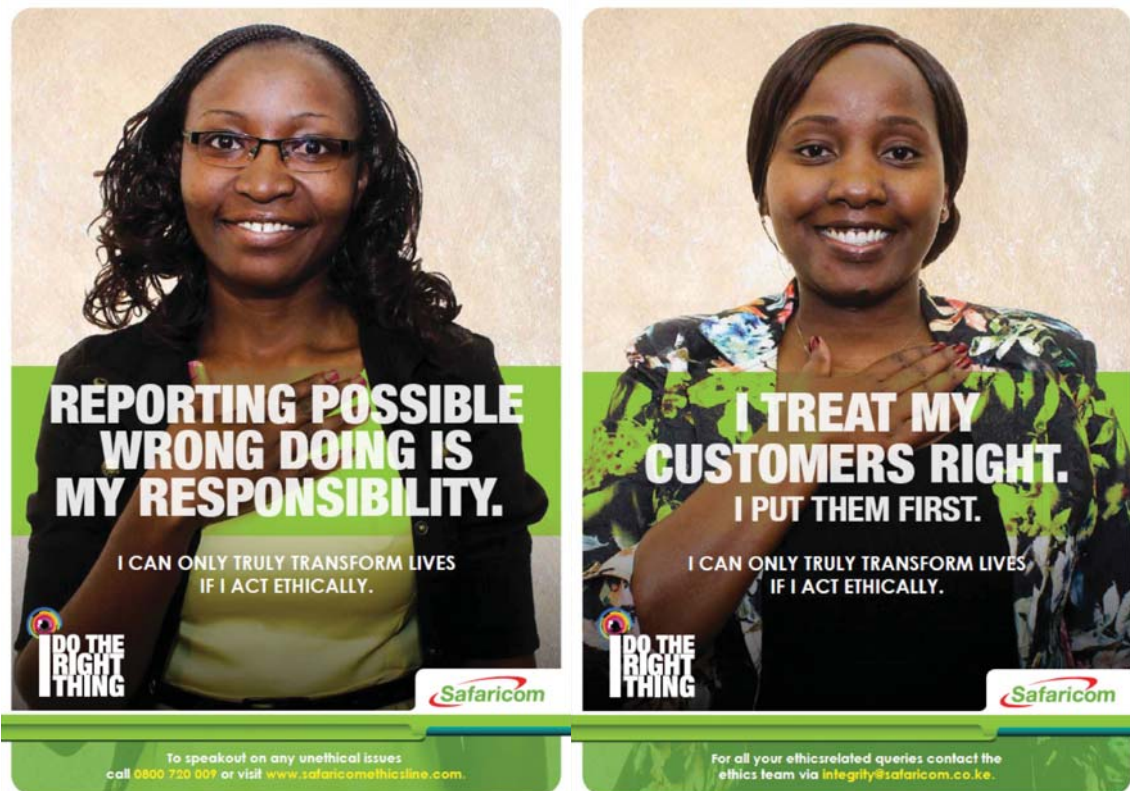
'I do the right thing' campaign

This year, we shifted our focus on promoting ethics rather than highlighting fraud. Our awareness theme for the year was the 'I do the right thing' campaign, which encouraged employees to become cognisant of their own ethical values and to take personal ownership and responsibility for these.

It is no secret that corruption is rampant in Kenya, with reports suggesting that as many as one in three Kenyan companies has paid a bribe to win a contract and the country is ranked 139th out of the 168 countries listed in the Transparency International 2015 corruption index.

Employees gather to listen to a panel of experts during the ethics week town hall launch of the 'I do the right thing' campaign. Speakers included the head of Transparency and Anticorruption Africa at the UN Global Compact, Olajobi Makinwa, the MD of Vivo Energy, Polycarp Igathe, Ken Njiru of the Uungwana Initiative, and Safaricom CEO, Bob Collymore.

Two of the posters from the 'I do the right thing' campaign

Staff ethics training

Every member of staff is expected to attend ethics training at least once a year. Most of the training is undertaken through face-to face-sessions and supplemented by e-learning courses. The awareness training is tailored to address the specific ethics risks faced by the attendees. For high corruption-risk departments, the training focuses on anti-corruption and bribery.

Anti-corruption preventative measures	FY16	FY15	FY14
Ethics and anti-corruption staff training (% of total staff)	98%	94%	94%
High risk departments*	98%	97%	98%
Medium risk departments	98%	83%	81%

Due to the nature of their work, these departments are more susceptible to fraud

We set an ethics training attendance target of 97% for the year and are pleased to be able to report that we achieved a 98% attendance rate, an improvement of 4% on FY15. We were able to do this by incorporating the training sessions within existing meetings across the business, promoting our e-learning courses to employees unable to attend the face-to-face sessions, and because there has been a noticeable increase in the number of requests for ethics awareness training from teams across the business, which could be attributed to a growing appreciation of the topics covered during the sessions.

Business partner ethics training

While we have also been making good progress in terms of promoting ethical business practices and principles throughout our value chain and the wider business ecosystem in Kenya, we acknowledge that the situation is far from ideal.

It is no secret that corruption is rampant in Kenya, with reports suggesting that as many as one in three Kenyan companies has paid a bribe to win a contract and the country is ranked 139th out of the 168 countries listed in the Transparency International 2015 corruption index.

Consequently, this has been an area of sustained, consistent focus for us. We planned to offer ethics management training to 80% of our dealers and our top 200 suppliers during the year, yet managed to extend our reach using newsletters and other initiatives to over 400 suppliers and almost all of our dealers and MPESA principles.

Last year, we began requiring all new business partners to sign up to the Code of Ethics for Businesses in Kenya during the onboarding process. This year we expanded this requirement to all of our suppliers. We hosted a supplier forum breakfast, during which we raised awareness of the Code and encouraged existing suppliers to sign up. To date, 269 or 81% of suppliers with running contracts have signed up.

We also hosted an Anti-Corruption Conference in partnership with the UN Global Compact Network Kenya in December 2015. Opened by the Kenyan President, Uhuru Kenyatta, the event brought together over 400 high-level representatives from the private sector, government, international organisations, civil society and the media to discuss the critical role of the private sector in stemming the tide against corruption and the importance of all stakeholders — public, private and civil society — to unite against corruption. (For further information about this event and the work of Safaricom CEO, Bob Collymore, as a member of the UNGC Anti-Corruption Working Group, please see the 'Society' report on page 70.

President Uhuru Kenyatta speaking about the need for the government and the private sector to fight together in the 'war against corruption' at the 17th Working Group of the 10th Principle against Corruption and International Anti-Corruption Conference in Nairobi, December 2015.

REGULATORY COMPLIANCE

Ensuring that we remain compliant with regulatory requirements is necessary, not only to make sure that we are operating in a lawful manner and to the correct standards, but also to avoid exposure to the remedial measures available to the regulators, such as onerous fines, non-financial sanctions and, ultimately, the revoking of our operational licence

Our response to this is primarily managed by assessing our processes against applicable laws to ensure that we are compliant and reviewing the effect of changes in legislation on our internal processes. We also proactively engage with our regulators on all issues through a variety of channels (please see the Stakeholders section on page 72 of this report for further information about this important relationship).

Non-compliance register	FY16	FY15	FY14
Number of fines for non-compliance	1*	1*	1*
Cost of fines for non-compliance (KSh)	157,000,000	500,000	500,000
Non-monetary sanctions for non-compliance	0	1	0
Legal actions lodged for anti-competitive behaviour	2†	0	1

* *Communications Authority of Kenya (CA) Quality of Service (QoS) fine*
† *Escalated actions lodged before the Competition Authority (outcome pending)*

Along with every other mobile network operator in Kenya, we were fined by the Communications Authority of Kenya (CA) again this year. The CA is mandated by government to ensure that operators are delivering services of an adequate quality and, accordingly, the CA tests every operator against eight Quality of Service (QoS) measures it has developed on annual basis. Operators that fail to meet any of these criteria are fined. The results of these tests are made available to the public and published on its website.

We were fined KSh 157,000,000 by the CA. This penalty represents 0.1% of our Gross Annual Revenue (GAR) and this percentage was applied to all operators that were found to be non-compliant.

It should be noted that we, along with the other Kenyan mobile network operators, have expressed concerns regarding the QoS measures used by the CA and the Authority is evaluating the methodology that underpins its testing framework.

We also have two escalated legal actions lodged before the Competition Authority, but we are unable to comment further on these as the outcomes are still pending at the time of going to print.

Putting customers' rights first

We have made Customer Experience a core focus of the Regulatory and Public Policy Department. As part of this new approach, we were involved in the reviewing and revising of the Terms and Conditions for Safaricom products and services. Our goal was to make these as straightforward as possible and to ensure that customers receive adequate information so that they can enjoy using our products and services with confidence and satisfaction. We have also prioritised our support for the customer education and awareness initiatives of other Business Units where relevant.

Externally, we have also reinvigorated our support for *Chukua Hatua*, the consumer education outreach programme of the Communications Authority of Kenya, responding timeously to all queries and issues that are raised and participating in other ways when appropriate.

Supporting operational excellence

Part of our new strategy has been to get closer to our customers through decentralising and becoming more responsive in our six regions and this has required us to support other Business Units at the county level, assisting with county license fees negotiations, site acquisitions, business permits and regulatory counsel.

We also continue to collaborate with other Business Units on matters of competition, public policy, spectrum and regulatory economics to ensure optimum performance within our regulatory environment.

Assisting with product relevance

Our existing mandate to seek regulatory approval for all new and amended products and services has been expanded to include providing internal feedback and input into the product creation process; in other words, the regulatory team has now taken an active, co-creation role in product

development. Customer feedback also continues to shape the regulatory environment within which we operate and we relay information regarding these shifting requirements and needs into the process.

Proactively engaging with the regulator

We continue to engage with the Communications Authority of Kenya on the following issues:

- **SIM Registration Regulations**
  During the reporting period, the CA amended the SIM Registration Regulations and introduced new requirements on operators to retain copies of subscriber national Identification cards. We are working closely with the Authority in order to construct a framework that meets these regulatory objectives in a satisfactory manner.

- **Infrastructure Sharing Regulations**
  In December 2015, the CA published six draft Regulations for the purposes of public consultation, including Regulations on Infrastructure Sharing. We are concerned that these Regulations fail to take into account international best practice — where sharing is based on technical and commercial viability — and we are engaging the CA and the government on these proposals.

- **National ICT Policy**
  In October 2014, the government published a draft ICT policy for stakeholder comments and input. We made formal submissions in response to this draft in FY15 (regarding infrastructure sharing, the county telecommunications operators, the reduction of radio spectrum fees and the need to include incentives for environmental management) and we continue to engage with the CA during stakeholder engagement forums. We are in the process of issuing our input through our representation in the sectoral working groups on emerging issues.

- **Information and Communications Sector Regulations**
  The CA suspended its comprehensive review of the regulations governing the sector on 9 December 2015 and commenced the process of recruiting a consultant to undertake a Competition Study in the Telecommunications Market by issuing a Request For Proposals (RFP) for this process. We await the outcome of this process and continue to support attempts to grow the market and to provide consumers with the very best offerings in terms of variety, price and quality that are aligned with international best practices.
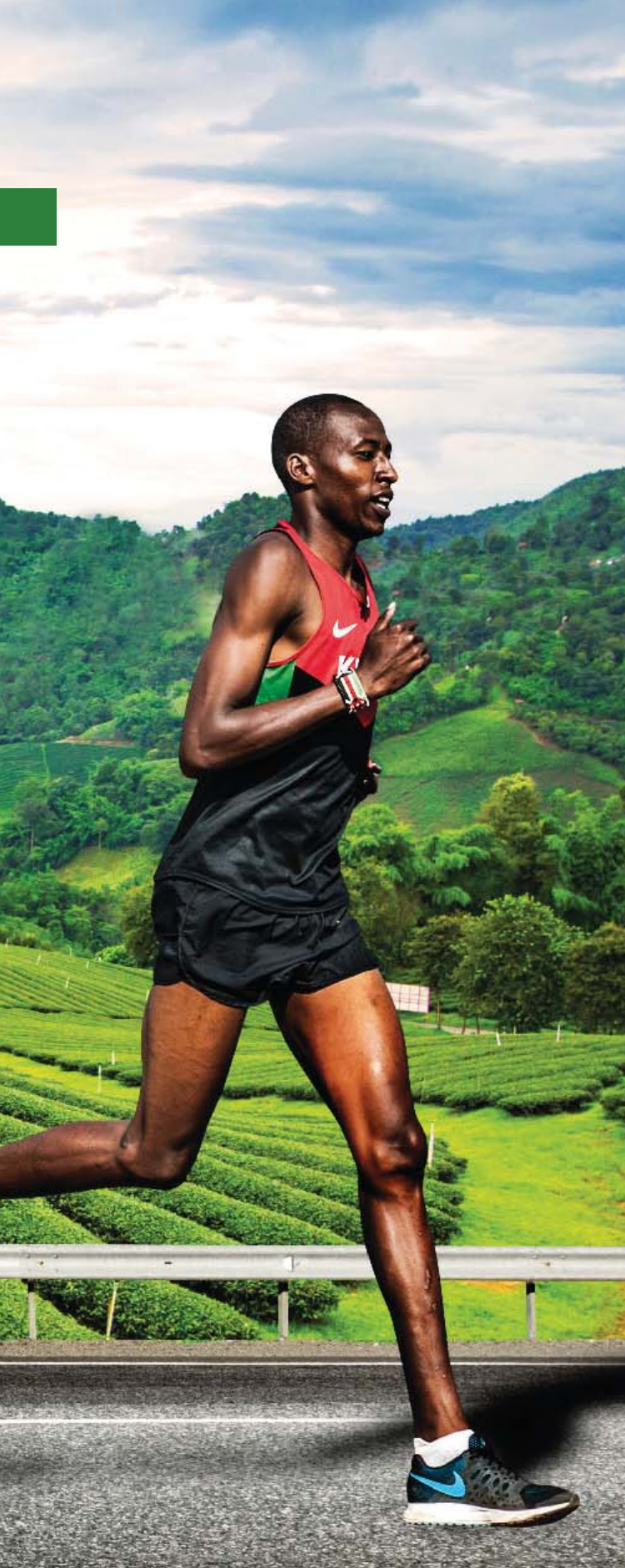
Looking ahead

Customer awareness will remain an area of focus in the year ahead, as we continue to embed the new company strategy. We intend to conduct nationwide awareness campaigns to alert customers to the common fraud schemes used by crime syndicates and to offer advice on steps they can take to prevent being defrauded.

In conjunction with raising customer awareness of potential fraudulent activity, we are also planning heightened monitoring of suspicious activity on the M-PESA platform and to introduce new Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) measures.

Next year will also see us intensify our efforts in the fight against corruption. In partnership with the UNGC, we intend to forge even closer ties with likeminded Kenyan companies and to support the Government of Kenya in its endeavours. As well as sharing experiences and lessons learnt with larger organisations, we will begin training medium and smaller companies on good governance and anti-corruption best practices. We will also continue to insist that suppliers commit to the Code of Ethics for Businesses in Kenya.

FY17 GOALS*

✓ *Zero sanctions for unethical conduct/breach of licence obligations on ethical issues.*

✓ *Detect, investigate and report suspicious M-PESA transactions within seven days.*

✓ *Including Heads of Departments in bribery and corruption training sessions and rolling out bribery and anti-corruption KPIs to all members of staff.*

* FY17 refers to our upcoming 'Financial Year' for 2017, which covers the period of 01 April 2016 to 31 March 2017.

NETWORK QUALITY

Our network is core to our business. The quality and availability of our network is an essential part of our business since all of the services we provide to our customers are delivered through the network platform. Our network allows us to differentiate ourselves in a highly competitive market and is the medium through which we transform lives.

Best Network …. for You

In response to the new company strategy, we have undergone a major change in approach and mindset this year. Previously, we were a network orientated, technology-led company, but now we are heavily focused on what our users are actually experiencing.

As part of our strategic shift, we revamped and relaunched our Best Network in Kenya (BNK) programme as Best Network for You (BNU). The revamped programme reflects our move towards delivering an experience that is even more tailored to the specific needs and requirements of individual customers. Our areas of special focus for the year were improving the quality of voice calls and mobile data speeds in urban areas and providing rural customers with better broadband coverage.

New app reveals customer experience

Perhaps the most prominent example of our customer-centric strategy is the new NetPerform app. The free application allows customers to monitor signal strength and network speeds, mobile data usage and Wi-Fi performance. It also enables them to manage the overall performance of their device by monitoring how much data other apps are using and storing. The app is also zero-rated so customers are not charged for any data consumed while using NetPerform.

The NetPerform app also helps us improve our network and service to customers. It collects user experiences (poor quality and dropped calls etc.) anonymously and uploads this information to a centralised location where it is combined and analysed to provide us with a detailed picture of overall network performance. Trends and issues can be identified swiftly and this information enables us to make targeted improvements.

SCREENSHOTS FROM THE NETPERFORM APP
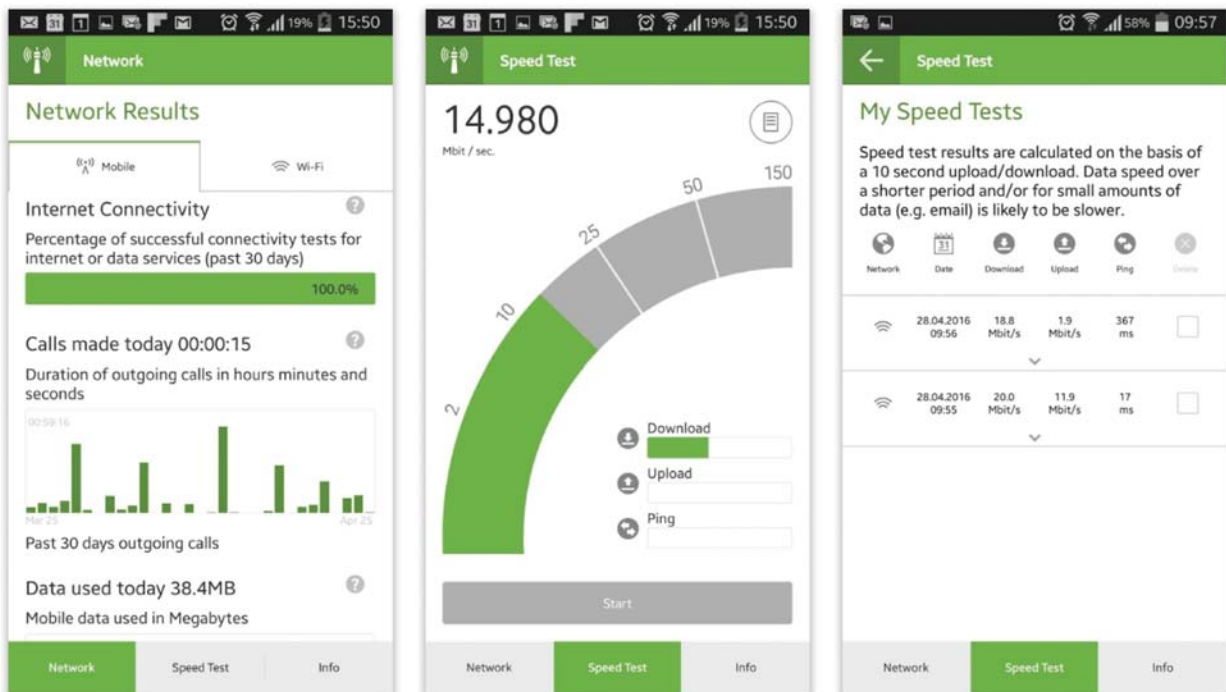
Opportunities for improvement

One of the main indicators we use to monitor and manage the quality of our network is independent Quality of Service (QoS) testing. For the second year running, the Safaricom network was comprehensively evaluated by leading independent testing and engineering services company, P3 Communications, and was awarded the 'Best in Test' P3 certification for both voice and data among Kenyan operators (last year we were best for data, but joint first position for voice).

We may have the best overall results among Kenyan operators, but we benchmark ourselves against European operators and did not achieve our target of improving our performance by 50% and scoring 650 points out of a possible 1000.

Overall, we scored 527 for the reporting period, which is a 33% improvement on our performance last year when we scored 395 points. In order to hit our target of 650 points, however, we are going to focus on improving voice call quality by interconnecting highways and small cities and further enhancing our data quality by rolling out more UMTS 900 and 4G sites.

SUMMARISED RESULTS OF THE P3 QOS TESTING OF THE SAFARICOM NETWORK, RANKED AGAINST OTHER KENYAN MOBILE OPERATORS

	2016	March - April 2015	October 2014	October 2013	April 2013	September 2012	
Call setup success rate	1st	1st	2nd	2nd	1st	1st	VOICE
Dropped call ratio	2nd	2nd	2nd	1st	1st	2nd	VOICE
Speech quality	1st	2nd	2nd	2nd	2nd	2nd	VOICE
Mean user data rates- download	1st	1st	1st	1st	2nd	2nd	DATA
Mean user data rates- upload	1st	1st	1st	1st	3rd	2nd	DATA
Mean web browsing session time	1st	1st	1st	1st	1st	1st	DATA
Network delay	1st	1st	1st	1st	2nd	2nd	DATA

Legend: 🟩 1st Position 🟨 2nd Position 🟥 3rd Position

The seven KPIs described in the preceding table are a simplified illustration of the full scope measured for the P3 Certification Benchmark criteria. For the purposes of this disclosure, we have ranked ourselves against the other Kenyan mobile operators. As the table reflects, we made significant gains in the area of voice call speech quality, which can be attributed to the successful implementation of the HD Voice feature, among other initiatives.

The comprehensive P3 Certification Benchmark criteria is composed of an extensive set of 29 KPIs for 'Big Cities', 'Small Cities' and 'Interconnecting Highways', with each KPI having a score. The full set of P3 certification results can be obtained from their web site at: http://p3-cert.com/wp-content/uploads/2016/07/20160427-P3_CERTIFICATE-Safaricom_Kenya.pdf

While we achieved first place in the P3 benchmark tests, it should be noted that we did not meet the QoS thresholds set by the Communications Authority of Kenya and were fined as a result.

Customer satisfaction improving

Another key metric we use to measure our BNU performance is the network-related Net Promoter Score (NPS). The NPS is an independent survey of customer satisfaction and the 'Network NPS' allows us to monitor whether our customers are experiencing the improvements we make to the network.

BREAKDOWN OF NETWORK NPS

	Mar FY16	Jun FY15	Best competitor Mar FY16	Best competitor point difference
Signal Coverage	62	52	61	1
Voice Quality	72	60	77	-5
Data Coverage	45	38	52	-7
Data Speed	43	33	44	-1
Overall	**64**	**51**	**66**	**-2**

As the preceding table shows, our overall Network NPS was 64 in March 2016, an improvement of 13 points from 51 in June 2015. The table also illustrates the breakdown of different network elements used to determine the overall NPS. The improvement in signal coverage can be attributed to the ongoing rollout of sites and the deployment of 1,037 U900 sites, in particular. Likewise, data speeds and coverage have also improved as a result of the expanded U900 network, together with the rollout of 4G sites during the year. As noted previously, the remarkable improvement in voice call quality can be attributed to the successful implementation of initiatives such as HD Voice.

MONTHLY OVERALL NETWORK NPS FROM JUNE 2015 TO MARCH 2016

Year	Month	Network NPS
2015	Jun	51
2015	Jul	52
2015	Aug	55
2015	Sep	58
2015	Oct	58
2015	Nov	60
2015	Dec	61
2016	Jan	64
2016	Feb	62
2016	Mar	64

Restructuring streamlines processes

As well as orientating us towards the customer, our new strategy includes the explicit objective of striving for excellence in our operations. In response, we have restructured and evolved from a centralised organisation into a regional one. Commercial and technological teams now collaborate at cluster (sub-regional) levels, which has created a much stronger sense of ownership on project delivery, enabled localised customisation of products, made marketing and customer engagement more relevant and speeded up response times.

As part of the restructuring, the various governance sections within technology have also been consolidated in to one department. Technology financial governance, vendor management, network change governance and reporting now sit within the Technology Strategy Assurance and Governance (TSAG) Department.

Overall, the restructuring has streamlined decision-making and procurement processes. The introduction of more collaborative, cross-functional teams with common objectives has made decision-making much easier and the silos between finance and technology have been bridged. Approvals are now made within 48 hours and with a maximum of five signatories.

UMTS 900 sites help us achieve 3G expansion

In terms of 2G coverage, our target for FY16 was to provide 93% of the population with access to 2G services. We surpassed this target and now offer 95% of Kenyans 2G services, a feat we achieved by rolling out 418 strategically located new sites during the year (see next section for further detail).
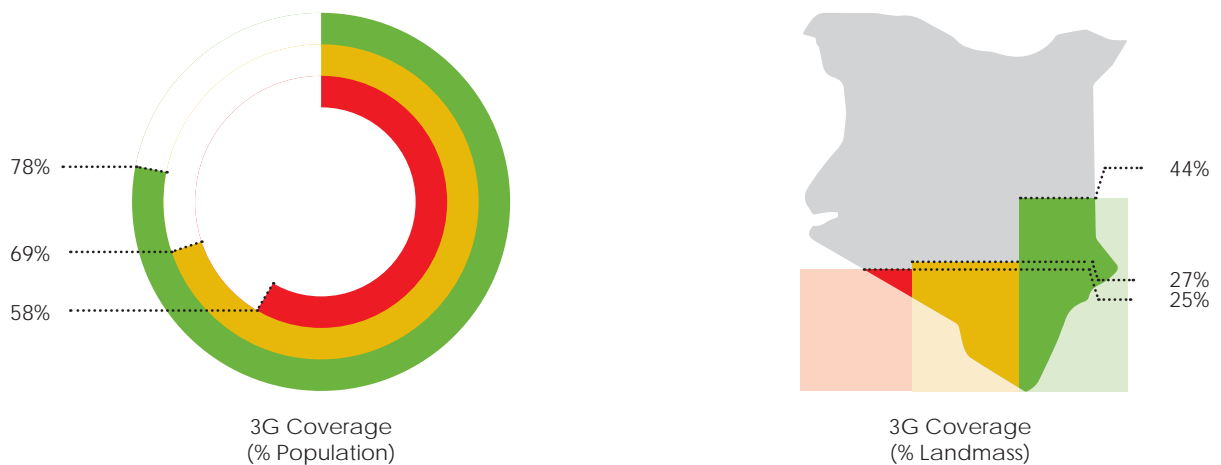
We currently offer 78% of the population access to 3G services, which is slightly short of our target of providing 80% of the population with access by the end of March 2016, despite the accelerated rollout of 3G broadband, facilitated by the additional spectrum we acquired in the previous reporting year, and the fast-tracked deployment of an additional 1,037 UMTS 900 sites, which provide better signal penetration in high-density urban environments.

We grew our 4G services from 236 to 463 sites during the year. The 4G services currently support voice calls, using a technology referred to as Circuit Switch Fall Back (CSFB). We currently provide 4G services in over 20 counties and to approximately 8% of the total population.

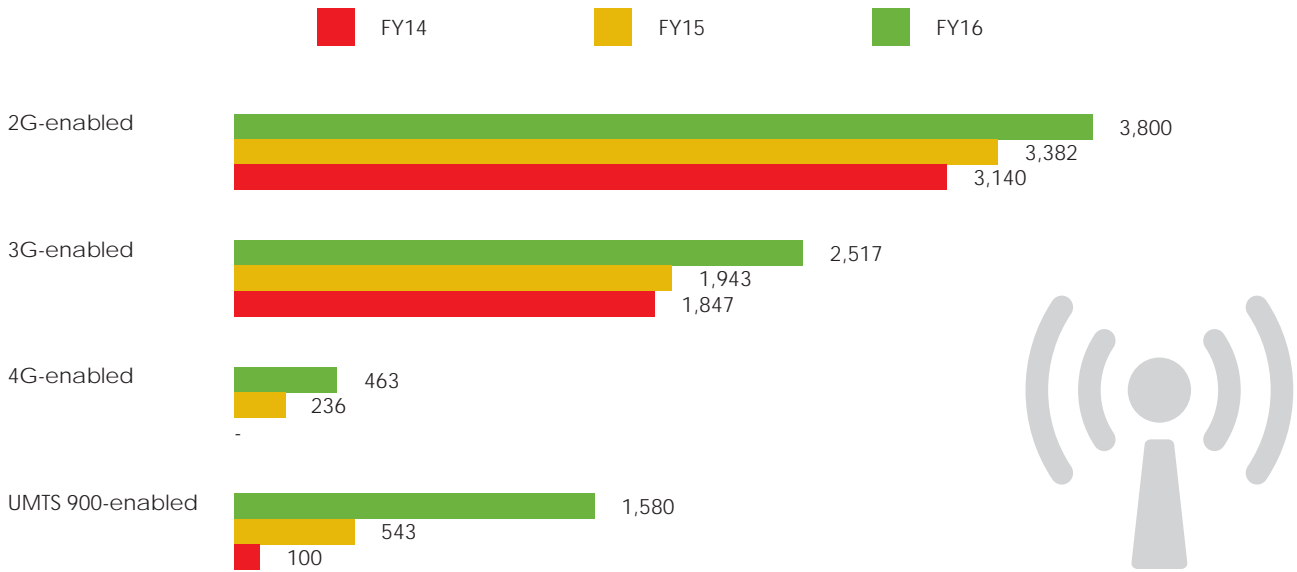### CHANGE IN 2G NETWORK COVERAGE (FY14 TO FY16)

■ FY14   ■ FY15   ■ FY16

95%
92%
90%

2G Coverage
(% Population)

74%
72%
70%

2G Coverage
(% Landmass)
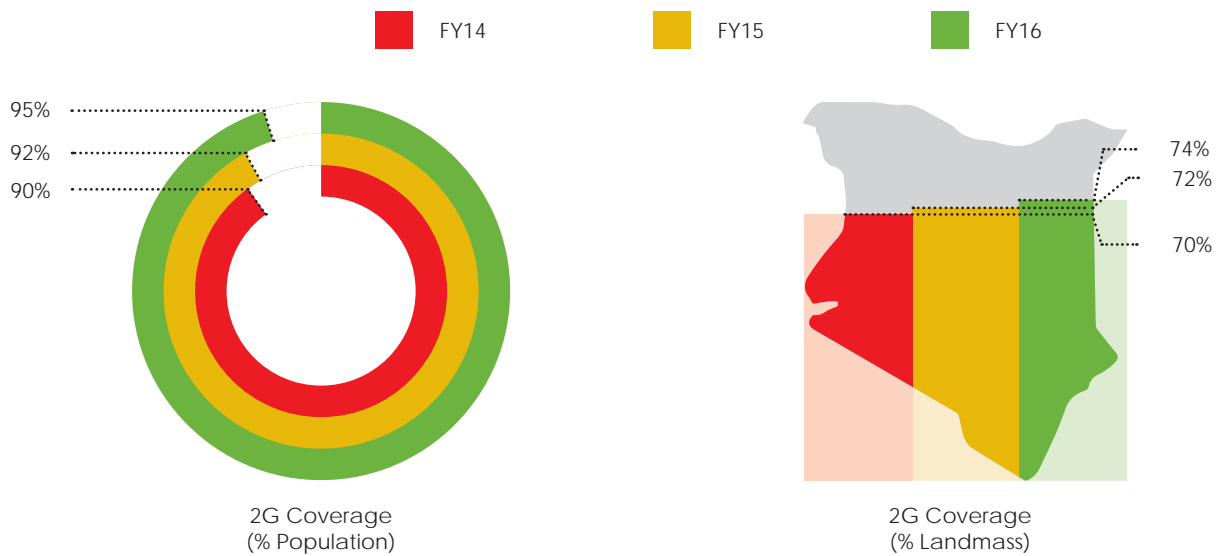
CHANGE IN 3G NETWORK COVERAGE (FY14 TO FY16)

78%
69%
58%

3G Coverage
(% Population)

44%
27%
25%

3G Coverage
(% Landmass)

CHANGE IN NO. OF BASE STATIONS BY TYPE: FY14 TO FY16

FY14   **FY15**   **FY16**

2G-enabled
- FY16: 3,800
- FY15: 3,382
- FY14: 3,140

3G-enabled
- FY16: 2,517
- FY15: 1,943
- FY14: 1,847

4G-enabled
- FY16: 463
- FY15: 236
- FY14: -

UMTS 900-enabled
- FY16: 1,580
- FY15: 543
- FY14: 100

We failed to hit our target of 3,811 2G-enabled base stations due to challenges in the acquisition of new site locations, especially in insecure locations within the country. While the expansion of our 3G-enabled sites remains on track, we reviewed our plans and did not roll out the conventional 2100 MHz sites we had included, choosing to focus on the UMTS 900-enabled sites instead. This was strategic because UMTS900 3G sites offer better coverage than conventional 2100MHz 3G sites and enable us to provide a larger population coverage with the deployment of each new 3G site. We achieved our target of 463 4G-enabled sites (the target was revised from 467 to 463 during the year) as this process does not require the acquisition of news sites, but simply the installation of new technologies on existing towers.

Fibre optic network growing steadily

Our fibre optic network is strategically important to us because this type of broadband connectivity offers extremely fast data speeds and high resilience. Last year, we committed to expanding our fibre footprint to a further 10 towns and connecting all 1,020 targeted enterprise buildings and 8,000 residential homes in 50 housing estates.

progress to date at FY14   FY15   FY16

Footprint (kilometers)
- 872 km
- 2,010 km
- 3,236 km

Enterprise Buildings connected
- 183
- 720
- 1,018

Residential Homes connected
- 4,060
- 5,060
- 6,848

Sites (BTS) connected (%)
- 25%
- 30%
- 34%
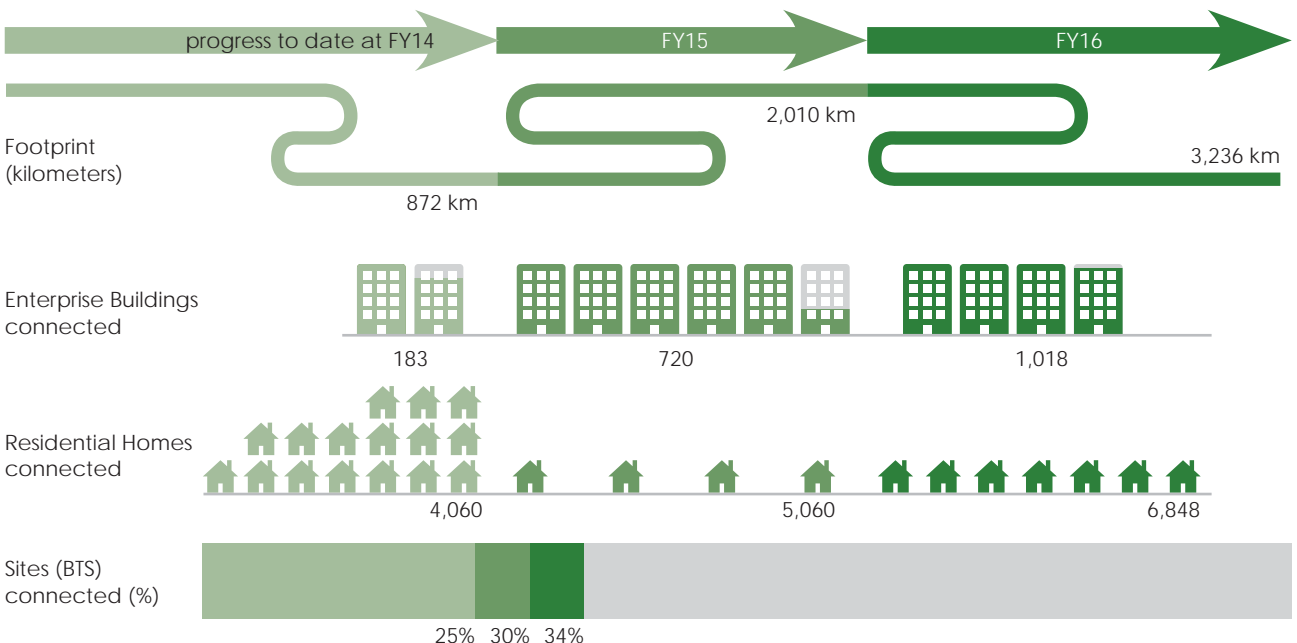
CHANGE IN FIBRE OPTIC NETWORK FOOTPRINT: FY14 TO FY16

We made good progress in terms of expanding our footprint, laying an extra 1,226 kilometres of cables and connecting 13 more towns. Our fibre network is now 3,236 km in length and connects 18 towns in 16 counties. We did not meet our target of 1,020 enterprise buildings connected during the year but grew the number of connected sites to 1,303 or 34% of the network. We only achieved 85% of our target of 8,000 connected homes, however, and this will be an area of concerted effort in the year ahead as we intend to connect 20,000 residential homes.

Maintaining momentum in energy availability

The reliability and growth of our network is directly dependent on the availability of energy. Any interruption in energy supply, such as grid electricity outages and national shortages of diesel fuel, poses a direct challenge to the continuity of our operations. Consequently, energy security and efficiency is ever more important as we look to expand our network, particularly in rural areas that have less reliable access to grid electricity.

Our response to this is primarily managed through our energy failure rates (minimising energy outages at sites by deploying a mix of energy supplies, including grid, generator and alternative sources) and consumption targets (reducing the amount of energy consumed at sites by deploying more energy-efficient technologies and alternative energy solutions).
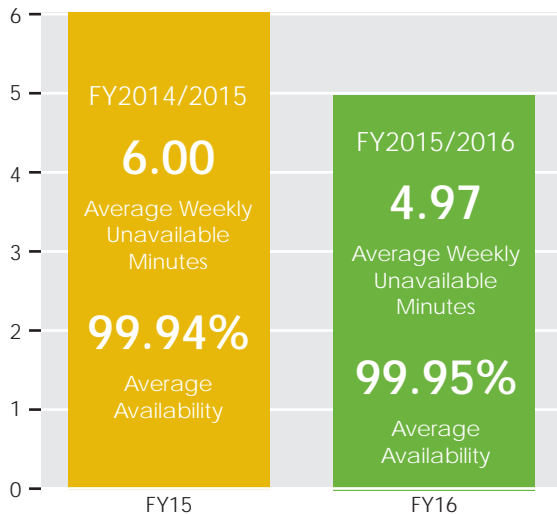
We calculate our network energy failure rate as the number of minutes the network was unavailable as a result of power outages. This is known as the Network Unavailability Rate (NUR) and our target for the year was less than 5 minutes, which we achieved.

We achieved our NUR target of less than 5 minutes as a result of ongoing initiatives to manage the mix of energy sources used throughout our network and ensure we have suitable power redundancy and backup solutions in place. Our network uses a variety of energy sources including national grid, diesel generator, deep cycle battery and renewable energy (solar, wind and hybrid) solutions. From an energy-availability perspective, it was a year of maintaining the momentum of FY15 and continuing with the same initiatives. As our NUR shows, we have achieved a significant improvement in resilience to national power outages and to ensuring the network is available to customers in spite of such episodes.
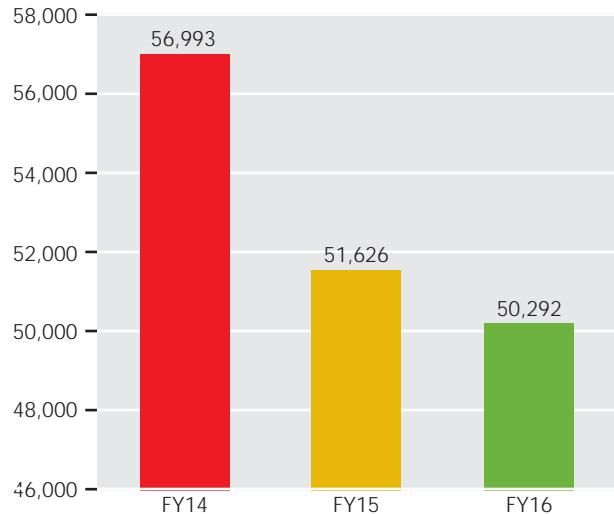
Keeping energy costs down while we source new solutions

Our network continues to grow in size and sophistication every year. As a result, making it more energy efficient and intelligent remains an ongoing priority. Our vision is still to create a powerful, streamlined network that uses the minimal amount of energy to deliver its growing array of services. One that transforms the lives of the communities it serves with the lightest of environmental touches.

ENERGY AVAILABILITY

FY2014/2015
6.00
Average Weekly Unavailable Minutes
99.94%
Average Availability
FY15

FY2015/2016
4.97
Average Weekly Unavailable Minutes
99.95%
Average Availability
FY16

COST OF ENERGY CONSUMPTION BY SITE (KSh PER MONTH*)

FY14: 56,993
FY15: 51,626
FY16: 50,292

Energy consumed is electricity, diesel and solar. The sources are supplier monthly fueling data and KPLC bills. Solar energy is only measured at some sites, as such we have extrapolated the solar data to the other sites. Energy mix influences the cost.

In terms of energy-efficiency, it was also a year of maintaining the impetus and initiatives of the previous year. Our target for the year was KSh 51,000 per month or less per site and we achieved this by continuing to deploy a wide range of energy-efficient solutions, including power cube generators, Low-voltage Auto Phase Selectors (APS), free cooling units, and replacing rectifier and smart controller units.

Looking ahead

As we continue to embed our new customer-centric approach through the Best Network for You (BNU) programme, we have set ourselves the Network NPS target of a minimum seven-point lead over our nearest competitor for consumer customers and a 10-point lead for enterprise customers. We will also be focusing on launching initiatives that will reduce customer calls to the call centre by 30%, over a period of 3 years, and plan to be able to announce and exciting new e-commerce expansion to the M-PESA platform. We will still continue to measure our network quality through the independent P3 benchmark testing and have set ourselves the target of improving our overall score to 650/1000.

Other network quality targets for the year ahead include: extending 2G coverage to 96% of the total population and 3G to 82% of the total population; achieving a 20% improvement in network stability (a maximum of 15 minutes of downtime per week per network element, in terms of the Radio Access Network); realising 30% cost savings in response to the excellence in operations strategic objective and a 30% reduction in the time required to get products to market.

As previously reported, many of our equipment supplier contracts came to an end during FY15. This has presented us with a wonderful opportunity to research and review the very latest technologies and solutions available, but it has also delayed the introduction of new projects, such as our renewable energy programmes. We are still busy with this process, but intend to complete our selections and onboard the right partners and solutions during this coming year.

FY17 GOALS

✓ Partner with KPLC to deliver commercial power to rural homes at 400 sites and achieve an 80% saving on energy cost at targeted sites.

✓ Expand our network by rolling out the following sites:
- Small Cell → 83 sites
- In-Building Sites (IBS) 2G → 25 sites
- 4G → 100 sites

INNOVATION

As a technology-based company, if we are not constantly innovating, we are, effectively, stagnating and losing ground. Many of our customers are quick to embrace new developments, becoming ever more sophisticated and demanding, and each generation expects to accomplish more. If we do not keep up with customer sophistication, we run the risk of losing market share and revenue.

We use several sets of indicators to assist us to manage this multi-dimensional material matter, including our Net Promoter Score (NPS) and Brand Consideration scores, which track how well our innovations are meeting the needs of different customer segments.

As a result, innovation is central to achieving our strategic objectives, retaining our competitive edge and ensuring that we continue to grow. Innovation allows us to transform the lives of all types of customers, nonetheless, by developing tailored and transformational products and services to meet all kinds of needs.
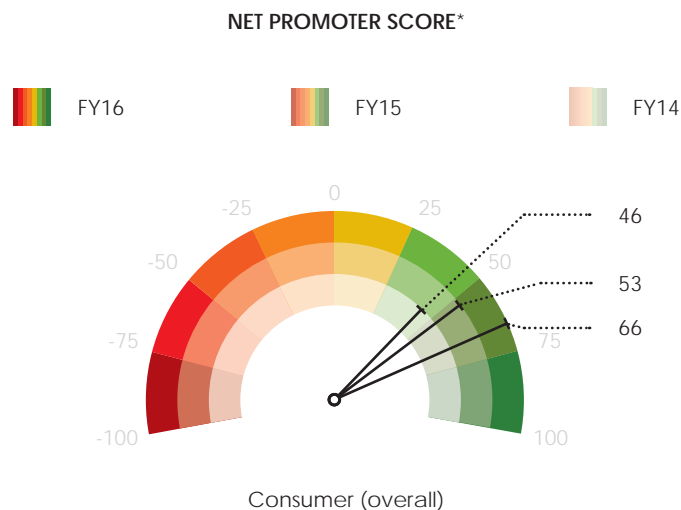
Innovation being driven by customers

Our new strategy has had a profound impact on the way we innovate and develop new products and services for consumer and enterprise users. The process starts with specific customer needs and wants, based on insights and ideas that are delivered to us from the segmentation team. Samples of customers also participate throughout the development and testing of every product. The loop is then closed with customer feedback through channels like our NPS and Brand Consideration mechanisms.

As a result, many of the campaigns implemented this year were not entirely new propositions, but attempts to 'close the gaps' and solve the inadequacies in our existing offerings that were identified by customers.

One of our most popular campaigns, for example, was the 'Never miss a moment' campaign that was launched in July 2015. The campaign was a direct response to customer dissatisfaction with our existing data bundles. Customers were frustrated that the 30-day validity on data bundles could not be extended and so this campaign introduced 90-day valid bundles and enabled customers to roll over and extend this validity as well.

The campaign was an instant success and data customers grew by 960,000 within eight weeks of the launch.

NET PROMOTER SCORE*

FY16   FY15   FY14

-25   0   25

-50   50

-75   75

-100   100

46

53

66

Consumer (overall)

* Assessment of customer satisfaction. Research performed by TNS.

As the preceding table shows, our NPS score for consumer customer satisfaction improved from 53 in FY15 to 66 for the period under review. Much of this improvement can be attributed to our shift from an all-out growth strategy to focusing on the frustrations and challenges being experienced by existing customers. We no longer measure our Brand Equity and migrated to a new Brand Consideration metric during the year. Although no comparative data is available yet, our score for FY16 was 82%, which we consider satisfactory. A more in-depth assessment of our performance will be included in our FY17 report next year.

Affordable devices driving mobile data usage

As the following table shows, we enjoyed another year of good growth in terms of mobile data. We grew our mobile data customers (who have been active within the last 30 days) from 11.59 million to 14.08 million. Likewise, our revenue from mobile data grew from KSh 14.82 to KSh 21.15 million and now accounts for 11.9% of our total revenue.

	FY16	FY15	FY14
Mobile Data Revenue (KSh billion)	21.15	14.82	9.31
Mobile Data Customers (million)*	14.08	11.59	9.56

* 30-day active

One of the key stimulants for mobile data usage is smartphone ownership and so an important focus for us during the year was to make internet-capable devices more affordable.

To achieve this goal, we made four entry-level smartphones available for less than KSh 5,000. The most inexpensive device we launched was the Safaricom Neon Smartphone at KSh 3,999. Other affordable options included the Tecno Y3s, the Wiko Sunset 2 and Huawei Y330, which we launched for KSh 4,999. These affordable devices contributed 575,000 units to overall device sales for the year.

We also expanded our range of 4G-enabled smartphones and this category of device contributed a further 152,000 units to overall device sales during FY16. The total number of mobile data smartphones connected to our network almost doubled from 3.4 to 7.8 million.

In response to our new focus on putting the customer first, we also changed our policy regarding 2G-enabled devices during the year. We had been concentrating on 3G- and 4G-enabled devices, but decided to put the needs of customers first and launch our most affordable device yet, the Wiko Lubi 2, for just KSh 999. This device has proved to be immensely popular and sold 200,000 units within six months.

Data seeding campaigns stimulate demand

As well as enabling customers to purchase affordable internet-capable devices, we continued to help them to experience the possibilities of the internet through a variety of 'data seeding', acquisition and stimulation campaigns. Among the successful campaigns run during the year were the following:

CAMPAIGN NAME				
Coca-Cola Campaign	'Speed is Good' Campaign	WAZE Campaign	Facebook Campaign	Instafun Campaign
PURPOSE				
Issued 45 million free 15 MB data and 15 SMS bundles to customers who purchased a bottle of Coca-Cola (code under bottle cap)	Issued non-data using owners of data-enabled devices with 128 MB of free data daily for 10 days.	Launched WAZE, the community based traffic and navigation system, in partnership with Google	Used popular Gospel artist, Bahati, as the ambassador to raise awareness of the social media platform and recruit new users.	Used advertising to raise awareness of the Instagram social media platform.
IMPACT				
Over 20 million redemptions 3 million subscribers participated	Acquired an additional 1.2 million data subscribers	Grew our Daily Active Users (DAUs) by 263%, from 874,000 to 3.17 million.	Facebook users grew from 4.2 to 4.8 million.	Almost doubled the number of existing Instagram subscribers, from 387,000 to 700,000.

As a result of these and similar campaigns, the number of highly active (daily) mobile data users we have has grown and there has been an increase of 77% in mobile data usage per customer. At the same time, the bundles have provided greater value for customers and boosted affordability, reducing the average price per MB by 33% year-on-year.

BIGbox initially fails to wow customers

Originally launched in May 2015, the BIGbox is a decoder that offers both TV and the internet to the home user. In August 2015, we decided to suspend the product due to technical issues and low sales. The decoder needs to be able to access 3G or 4G services in order to function and one of the main issues was that the decoder was sold to customers in areas with poor connectivity. Other issues included very little after-sales support to help customers install and configure the device correctly.

Important lessons were learnt from these initial setbacks and included in the successful re-launch of the decoder in November 2015. The BIGbox software was upgraded to improve performance and the device is only sold to customers in areas that have good mobile broadband connectivity. Brand Ambassadors have been assigned to retail outlets to demonstrate how to use and configure the device properly and customers are also offered the option to have an installer visit their home and assist with the installation. The price has also been slashed by 50% to make it the most affordable 4G Wi-Fi device on the market. As a result of these improvements, the relaunch has been a success and total sales had reached 6,141 as of March 2016.

M-PESA continues to deepen financial inclusion

M-PESA continues to grow and evolve from a simple mobile money transfer service into a robust payment platform and a driver of financial inclusion. Revenue from the service grew by 27.2% from KSh 32.63 million in FY15 to KSh 41.50 during the year. Likewise, the number of users (active in the last 30 days) leapt up by 19.8%, from 13.86 million to 16.6 million in March 2016.

	FY16	FY15	FY14
M-PESA Revenue (KSh billion)	41.50	32.63	26.56
M-PESA Customers (million)*	16.6	13.86	12.16

30-day active

One pleasing aspect of this growth is that our *M-Shwari* banking service, which makes it possible for ordinary Kenyans to save, earn interest and borrow money using their mobile phones and the M-PESA service, has grown from 3 million to 3.9 million active users and has facilitated KSh 8.1 billion in deposits and KSh 7.4 billion in loans at 2.0% interest.

Our partnership with KCB, which offers customers an alternative to *M-Shwari*, continues to grow and has facilitated KSh 1.47 billion in loans to date (up from KSh 950 million in FY15).

We have focused on using customer experience to drive innovation. One early outcome from this has been the launch of our Hakikisha service, which provides users with peace of mind by asking them to verify the receiving party before sending funds. We have also introduced Free M-PESA E-statements, giving customers the option to request complimentary monthly statements.

Spark Fund backs exciting local start-up

As part of our commitment to stimulating innovation within the developer community, we launched our venture capital fund, 'Safaricom Spark Fund' in 2014. Exciting local start-up, Sendy Limited, has become the first recipient of investment.

Sendy offers a marketplace for last-mile package delivery and logistics services, allowing customers to send packages and documents within Nairobi and its environs using a mobile application that connects them to motorcycle riders, and drivers of vans and pickup trucks.
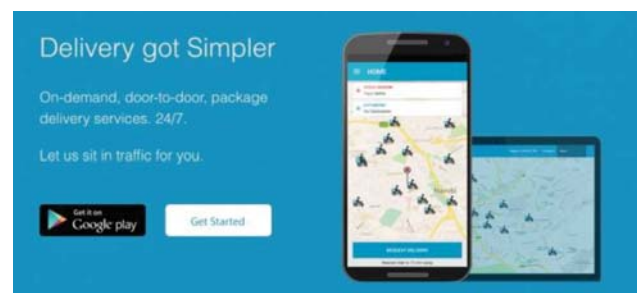
Advertisement for the Sendy on-demand courier app.

The Safaricom Spark Fund is a venture capital fund that aims to support the successful development and scale-up of high-potential, late seed to early-growth-stage, ICT start-ups in Kenya, through investment and in-kind support. The fund seeks to invest between KSh 6 million and 22 million per start-up, for a minority stake in portfolio companies. In addition to the funding, Safaricom provides in-kind support, such as mentorship, technical assistance and access to Safaricom services such as SMS, SSD, Cloud hosting and marketing opportunities.

Enterprise-related innovation

Among the innovations introduced for enterprise customers during the year were the following:

Launch of an affordable and reliable Internet connection delivered via Safaricom Fiber in multi-tenancy buildings across key towns in Kenya.

Improved penetration of the SME enterprise segment by providing services tailored to the needs of small businesses in the 524 SFC multi-tenancy Fiber-ready buildings in Kenya.

FIBRE FOR BUSINESS

Separate voice and data bundles that give corporate enterprise customers the flexibility to purchase resources based on their needs and spend patterns.

SIM swaps and 4G device seeding for enterprise businesses.

CORPORATE VALUE PACK (CVP)

Attractive price points and increased flexibility designed to drive corporate mobile voice and data revenues.

Driving 4G adoption by making it easier for businesses to switch and, in turn, growing mobile data usage and revenue.

4G COMMERCIALISATION

A managed service offered to agri-businesses for effective value change management. It features a pre-configured and integrated standard set of capabilities, communication channels, M-PESA and Helium integrated payments services to deliver end-to-end management services to the client.

? Description

! Impact

CONNECTED FARMER ALLIANCE (CFA)

To transform the agriculture segment into a more formal segment, thus, supporting growth of the sector through efficient value chain management — supporting our company vision and introducing new revenue streams.

Transforming lives through social innovation

We take our promise to transform lives and contribute to sustainable living throughout Kenya very seriously and are committed to improving the quality of life of Kenyans wherever possible. From a social innovation perspective, we continue to build on our work in areas such as agriculture, education and health, where technology is a critical tool that can make a significant difference to people's lives.

Among the applications we continued to develop during the year were the following:

PROJECT NAME				
M-Tiba	Jihusishe	Fertilizer E-subsidy	Shupavu 291	El Niño flood warning system
DESCRIPTION				
M-Tiba is a health payment application or 'e-wallet' that enables low income earners to save towards their healthcare expenses and helps donors to target funds accurately and confidently.	An SMS and USSD-based information platform that helps citizens learn about the roles and responsibilities of local government and to exchange information and ideas with local politicians. Citizens can subscribe to the service and receive civic education content and county government alerts free of charge.	Enables small-holder farmers to access government fertilizer subsidies directly using an e-voucher. A partnership with the Ministry of Agriculture, Livestock and Fisheries and the National Cereals and Produce Board.	A partnership with Eneza Education, Shupavu 291 is an SMS and USSD-based education platform that enables students to take quizzes, search subjects to study, and access Wikipedia summaries without an internet connection. Through the service, teachers and parents can check reports on individual student performance and school performance via SMS. The service also includes an ASK-A-TEACHER feature, through which students can ask questions remotely to a live teacher. Students can register for the service by dialing *291#.	A pilot to measure the effectiveness of using sms to send early warning information. Done in conjunction with Kenya Redcross Society. **Areas of Focus** Flood prone regions: Tana delta, Garissa, Malindi, Kwale, Garsen, Budalangi, Western Kenya.
IMPACT				
M-Tiba has been on trial for the last nine months at 44 clinics in Nairobi, reaching 10,000 beneficiaries. In the future, M-Tiba will be linked to all 16+ million M-PESA customers and will grow to include value-adds like savings and insurance.	Currently piloting the service in 5 counties and have 89,748 subscribers to date.	20,822 farmers have already redeemed 29,904 bags of fertilizer. The goal is to provide the service to between 3 and 5 million farmers.	Officially launched on 31 March 2016, the app currently has 620,000 subscribers.	During the El Niño rains, communities living along the Tana River Basin (mainly Garissa in North Eastern province and Tana River) received messages warning them of floods due to hydro-electric dam offload. The engagement was successful as most community members moved to higher areas and this helped avert losses both in human lives and property.

Looking ahead

From an innovation perspective, the focus next year will be on further developing and maximising the potential of our current customer-focused strategies, for example, the anticipated launch of our innovative new approach to purchasing and managing mobile services, BLAZE. The new application is an exciting example of our 'Customer First' strategy at work and the direct result of feedback from Youth segment customers.

On tight budgets, many Youth customers expressed frustration at having to purchase bloated monthly plans full of services they did not need or use. Accordingly, the application will allow customers to create and customise their own personal mobile services plan, ensuring they only get and pay for what they want.
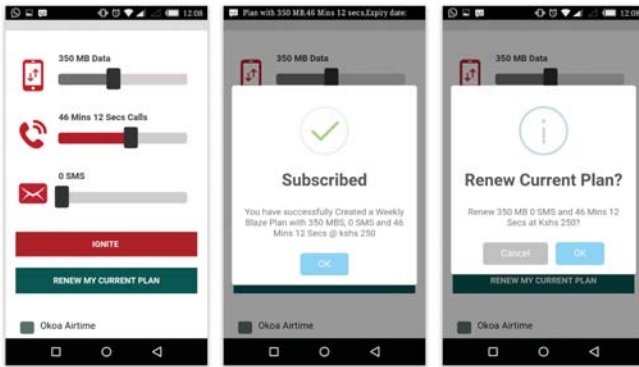
Screenshots from the upcoming BLAZE application. Customers can decide the volume of each different service (data, voice calls and SMS) they want to buy using the sliders.

One of our overall goals will continue to be to expand our innovation pipeline, increasing the number of new ideas we generate and receive through portals such as the Zindua Café, as well as improving the quality and success rate of the ideas. There will also be roadshows targeted at innovation hubs like universities and incubation centres and we intend to make further investments in other Kenyan start-ups through the Safaricom Spark Fund.

FY17 GOALS

✓ To promote e-learning and ensure that at least 1% of our data customers are accessing an edutainment product.

✓ At least 2 employee innovation suggestions implemented.

ENVIRONMENTAL RESPONSIBILITY

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.

We continue to 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 sustainability and success.

Our environmental responsibility is an issue that continues to grow in importance as the size of our network continues to expand and we do more than just ensure that we comply with evolving environmental regulation and legislation. We remain committed to:

- operating in an environmentally sound and sustainable way, and
- managing and reporting our environmental performance in an open and transparent manner.

Bio-degradable packaging

In response to our new customer-centric company strategy, we paid particular attention to ways in which we could include our customers in our environmental initiatives this year. One prominent example is our switch to using bio-degradable plastics for all of our retail packaging. Customers can now enjoy peace of mind when purchasing Safaricom products, knowing that their purchase is not contributing to the environmental hazards of conventional plastic packaging.

The use of conventional plastic packaging presents Kenya with a significant environmental challenge as there is no proper segregation during rubbish collection nor are there dedicated recycling plants or incinerators. As a result, surplus plastic pollutes and clogs up almost the entire waste system. It is often the cause of blockages in drains as well and contributes to the flooding that is now common in urban centres during heavy rains.

Safaricom packaging now uses d2w technology, which converts everyday plastic products (made from Polyethylene, Polypropylene or Polystyrene) into materials that are biodegradable in the open environment at the end of their useful life — in much the same way as a leaf, only quicker and without leaving any toxic residues or fragments of plastic.

New policy and workshop target EMF concerns

In conjunction with the National Environment Management Authority (NEMA), we hosted a three-day workshop on Electromagnetic Frequencies (EMFs) in November 2015. A total of 224 people attended the workshop and were trained on the environmental impact of EMFs. Delegates included NEMA staff, Safaricom field engineers and Safaricom EIA/EA consultants. The workshop is part of an ongoing agreement between Safaricom and NEMA to help equip staff, contractors and the regulator with accurate knowledge about Electromagnetic frequencies so that concerns raised by members of the public can be addressed with confidence and veracity.
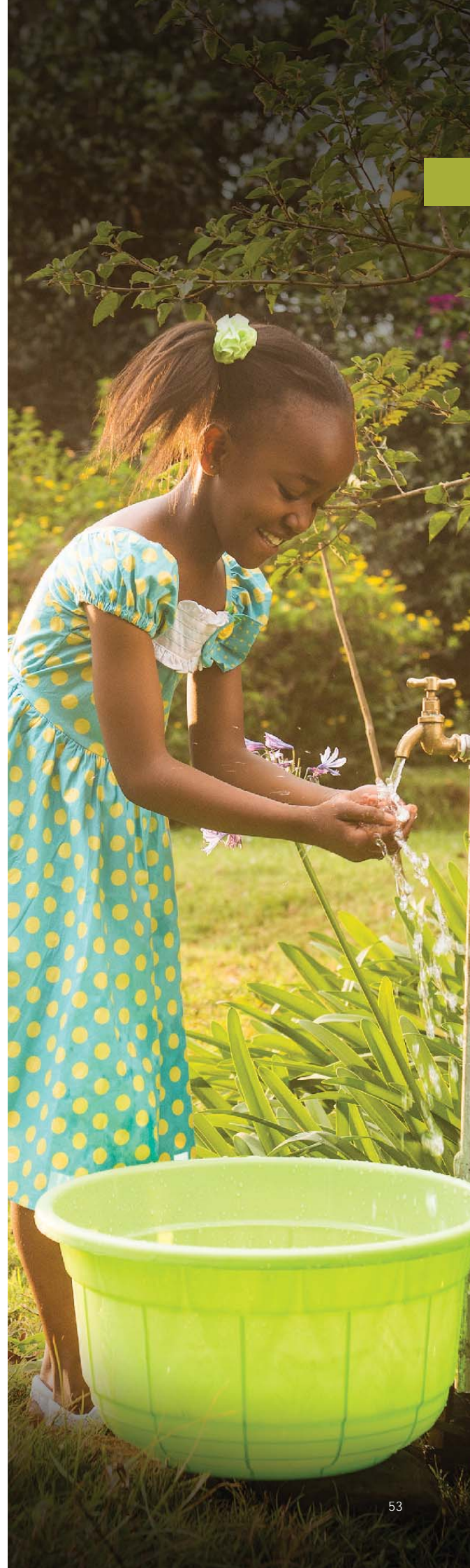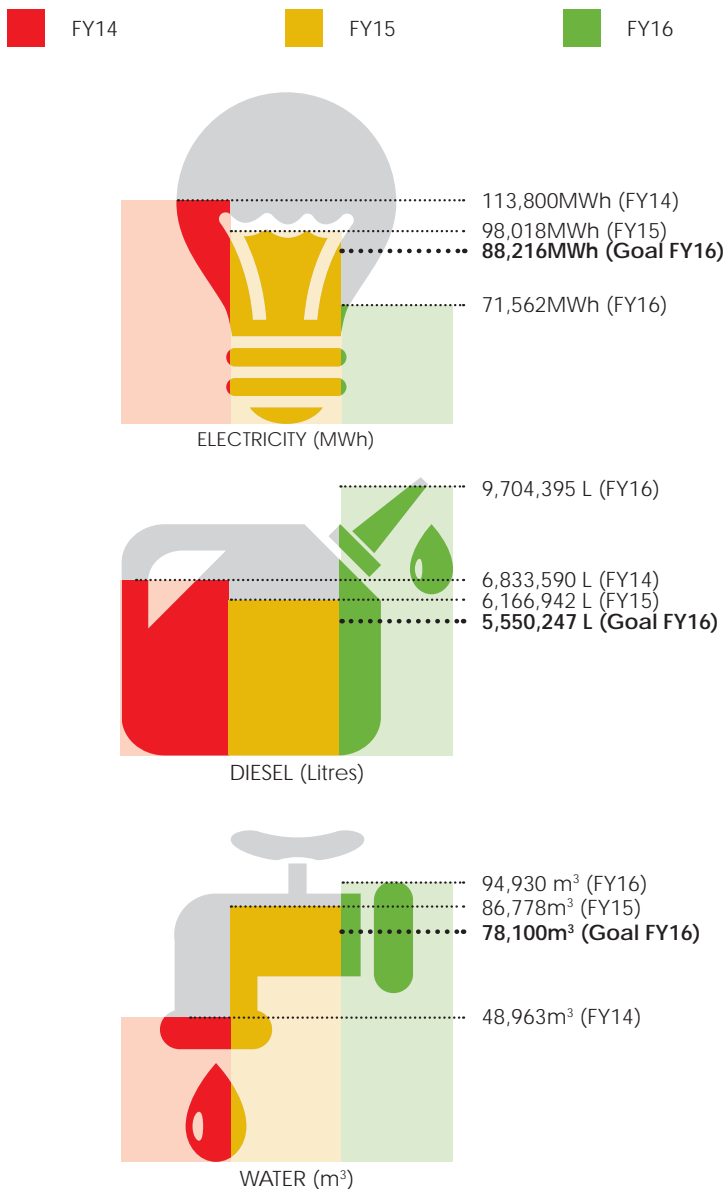
As part of this initiative, we also developed an EMF Policy during the year, which was signed by Chief Executive Officer (CEO), Bob Collymore, on 25 February 2016. The Policy outlines our commitment to ensuring that our activities pose no risk to the health and safety of our employees, contractors and the communities within which we operate. It also ensures that we comply with the latest standards and international guidelines on non-ionizing radiations and provides a mechanism through which EMF questions and grievances can be addressed.

We also revamped our EMF Booklet during the year, which is provided to interested members of the public and any communities within which we set up Base Transceiver Stations (BTS).

Reducing our energy consumption

One of the key ways in which we monitor and manage our environmental impact is through our energy (electricity, diesel and water) consumption targets.

While we are pleased to be able to report that our consumption of electricity was below our target for the year, we experienced a significant spike in both water and diesel consumption. The increase in diesel consumption is primarily the result of new sites in remote locations being deployed during the year. Very few of these remote sites are connected to the national power grid and so they need generators running 24/7 instead. Delays implementing energy saving projects and an increase in national power outages during the year also impacted diesel consumption. The rise of 9% in water consumption can be attributed to an increase in the number of staff and facilities as a result of our regionalisation programme, the acquisition of additional retail outlets during the year, and improved data collection.

FY14	FY15	FY16

113,800MWh (FY14)
98,018MWh (FY15)
88,216MWh (Goal FY16)
71,562MWh (FY16)

ELECTRICITY (MWh)

9,704,395 L (FY16)

6,833,590 L (FY14)
6,166,942 L (FY15)
5,550,247 L (Goal FY16)

DIESEL (Litres)

94,930 m³ (FY16)
86,778m³ (FY15)
78,100m³ (Goal FY16)

48,963m³ (FY14)

WATER (m³)

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 fifth time this year.

As the preceding table shows, our overall footprint has increased to 67,760 tCO2e this year, up from 61,452 tCO2e in FY15. The overall increase is a result of a significant rise in our 'scope 1' emissions, which is primarily a reflection of the dramatic escalation of diesel consumed in our generators and the fact that we have included fire extinguisher-related data on CO2 and FM 200 (HFC 227ea) in our fugitive emissions for the first time ; however, we have made a significant improvement in reducing our carbon intensity, considering the growth in the network footprint (12% in 2G, 30% in 3G), as well as traffic growth (approximately 15% in voice and over 100% in data). While our total carbon emissions have increased since FY15, our carbon intensity per GB of data has decreased by 48% since FY15 (2kg of CO2e per GB). We will continue to ensure our carbon intensity decreases as our network and traffic increases.

	FY16	FY15	FY14
Carbon Intensity rate (Kg of CO2e per GB)	**2**	5	10
% change in carbon intensity	**-48%**	-53%	
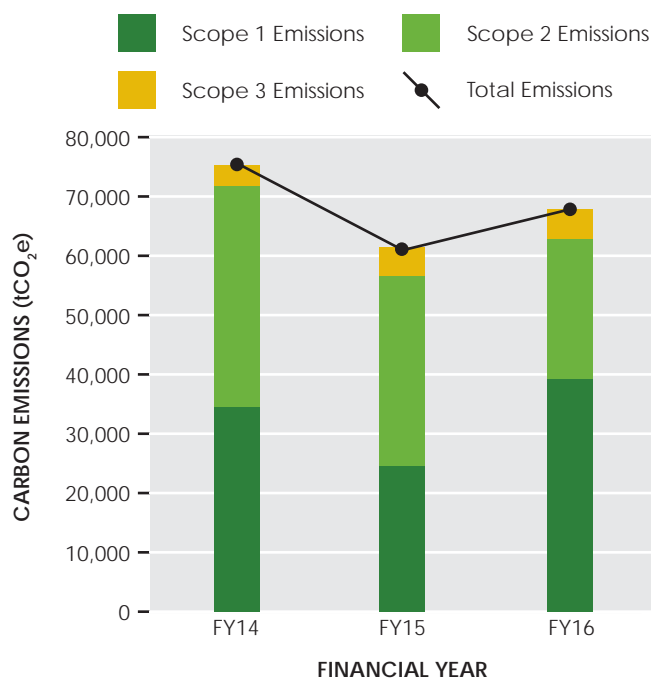
For more detailed information regarding the methodology/ guidelines and processes we use to calculate our emissions, please see the About our reporting Appendix to this report, which has been published online at https://www.safaricom.co.ke/ sustainabilityreport_2016/

Embedding our Environmental Management System

Much of our work this year was focused on refining and embedding the systems and processes that have been put in place in the last two reporting periods.

A major milestone for us, for instance, was achieving ISO 14001 certification for our Environmental Management System (EMS) in the previous reporting period and so the focus this year was on making sure that EMS and ISO 14001 (Environmental Management) programmes become part of the day-to-day operations of the company.

To achieve this goal, we initiated formal awareness and training sessions with employees and contractors, as well as distributed messages and videos through the *Safaricom Daily Connect* email newsletter. The objective of the awareness sessions was to make our environmental policies and programmes relevant to employees and to explain their individual and collective roles in this regard.

In order to support our new strategic goal of operational excellence, we also worked on an integrated ISO Management System during the year. The system is designed to consolidate all of the ISO standards-based systems that Safaricom has employed — including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 27001 (Information Security) and ISO 22301 (Business Continuity) — with the intention of ensuring we apply a common approach to all of these areas and build synergies between the various systems.

Auditing the impact of 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.

	FY16	FY15	FY14
Environmental Impact Assessments	**463**	260	185
Environmental Audits	**342**	275	349

The hike in the number of EIAs conducted during the year, from 260 in the previous year to 463 during the period under review, reflects the increased deployment of small cell BTS sites throughout our network. Likewise, the increase in EAs conducted during the year reflects our decision to audit our older BTS sites (those built in 2008 and 2009) to measure our compliance levels.

Slow progress in water and waste management

One of our ongoing objectives is to make our facilities as environmentally friendly and efficient as possible. Last 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, the Jambo Contact Centre and the Safaricom Care Centre).

Although both the assessment and audit have been completed, we have yet to set target based upon its recommendations as our data collection remains incomplete; for instance, we still need to segregate and measure waste streams.

We have made some progress, nonetheless, the water piping system was repaired to reduce water leakages and daily monitoring of water was also started (in place of monthly readings), which is helping us to understand consumption patterns and to identify abnormalities that require immediate attention. We plan to implement the recommendations of the audit and assessment in the year ahead.

Looking ahead

One of our key focuses in the year ahead will be on the implications of the new international climate agreement made at COP21 in Paris late last year. We are planning to launch several internal and external initiatives in response. Internally, we plan to develop and implement a renewable energy and climate change policy to guide our initiatives and responses. The focus will be on finding ways to further reduce our carbon footprint primarily and, externally, we will seek to partner with likeminded organisations and help to provide thought leadership and raise awareness of this important issue within the region.

Last year, Safaricom also joined several other companies associated with the B team to announce their aspiration to aim for net-zero greenhouse-gas emissions by 2050. The B team is an initiative formed by a global group of business leaders led to catalyse a better way of doing business, for the wellbeing of people and the planet. For successful implementation and ownership, we will carry out environment and energy management awareness and training across the business.

FY17 GOALS

✓ *Deliver 2 water conservation awareness campaigns and reduce our water consumption by 10%.*

✓ *Achieve 100% compliance to NEMA water pollution standards and successfully implement the solid waste management programme.*

✓ *Reduce our carbon load and energy consumption by 10%.*

✓ *Grow our community-based renewable energy projects from 320,000 to 500,000 households.*

OUR APPROACH

Listening to our stakeholders and learning from them is of vital importance to us. We employ a variety of informal and formal methods to gather and exchange information with our stakeholders, and we tailor our engagement processes to suit each different stakeholder group. The insights we gain through these exchanges are fed directly into our decision-making processes and inform the sustainability strategies and priorities of the organisation.

STAKEHOLDER ENGAGEMENT

We consider our stakeholders to be the individuals, communities and organisations that are most affected by, or most likely to influence, our business.

In this section, each class of stakeholder is described, including their main concerns, needs and expectations. We describe how we responded to their legitimate needs and concerns and conclude with an outline of our commitments to them for the year ahead.

IN THIS SECTION:

CUSTOMERS

We are delighted to be able to report that we have grown to 25.2 million customers in total this year, which represents an increase of 7.8% from the previous year. Our broad customer base encompasses the full spectrum of individuals and organisations across Kenya.

We classify our customers into two main categories: consumer and enterprise. Consumer customers are individual purchasers of goods and services while enterprise clientele are business of all sizes, ranging from small-to-medium enterprises (SMEs) to large corporate firms.

While the overall profile of our customers have not changed substantively during the year, the way we classify and serve them has. In response to the new company strategy, we have tried to understand our customers and their different, specific needs better. The main way we have sought to do this is by segmenting our broad customer base more distinctly.

Consumer customers have been segmented into four major segments, with 16 sub-segments. The four major segments are: Discerning Professionals; Hustlers; Youth; and the Masses.

Enterprise customers are now split into four major groups: Large Enterprises; Public Enterprises; Small-to-Medium Enterprises (SMEs); and Small Offices-Home Offices (SOHO).

- **Consumers**

  Of our total customer base, 96% are consumer customers. Consumer customers grew by 1.9 million during the year and we now enjoy 65.6 % of the total Kenyan market in the consumer space. We attribute this 8.2% growth in consumer customers during the year to the launch of the 'dandia' campaign, which resulted in a high acquisition of new customers.

NO. OF CONSUMER CUSTOMERS

No. of Consumer Customers (million)   Market Share (% Consumer Subscribers)
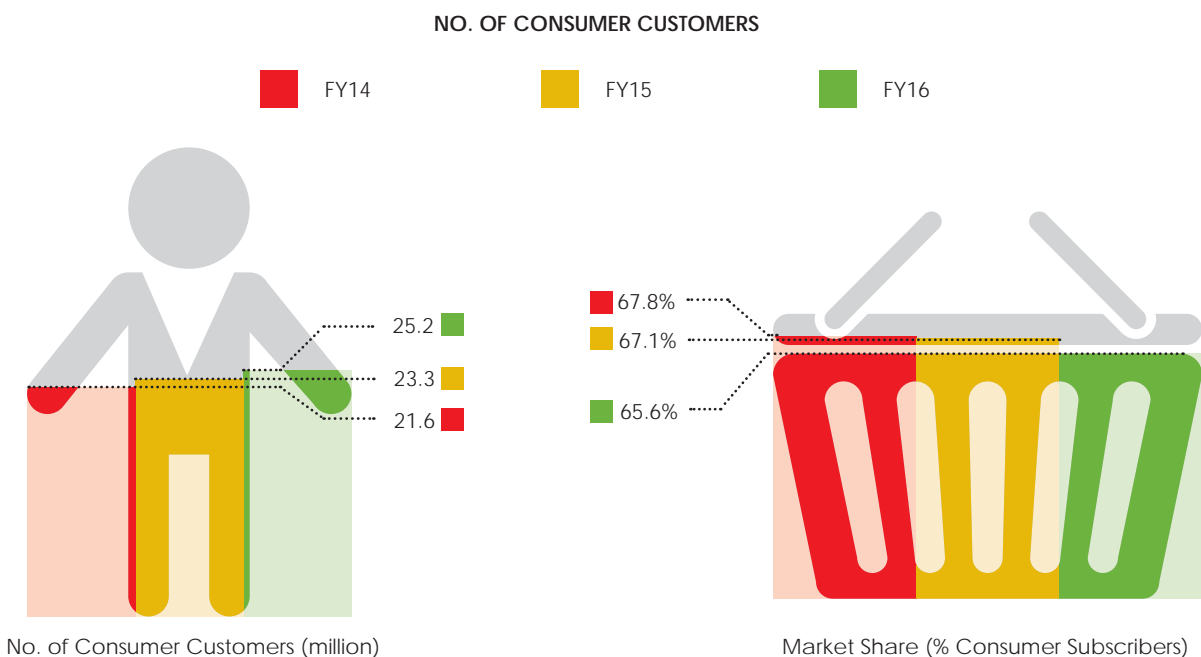
Despite the overall growth in consumer customers, our share of the consumer market fell by 3.8% to 63.3% during the period under review. This drop is attributable to a change in the way we define and count our customer base, from 'active within the last 120 days' to 'active within the last 90 days'. We changed our definition to match industry standards.

- **Enterprise customers**

  We currently have a presence in 84,000 enterprise customers, which represents an increase of 16,075 from the previous year. Most of this growth is attributable to our significant acquisitions in the SOHO segment.

  While the SOHO segment has seen great growth, our corporate customers still account for the vast majority of enterprise business revenue. Our focus remains on nurturing long-term relationships and up/cross-selling in this market segment. We are pleased to report that we achieved our target for the year and now enjoy 54% market share in terms of revenue in the enterprise space.

NO. OF ENTERPRISE CUSTOMERS

FY14   FY15   FY16

84,000

67,925

35,601
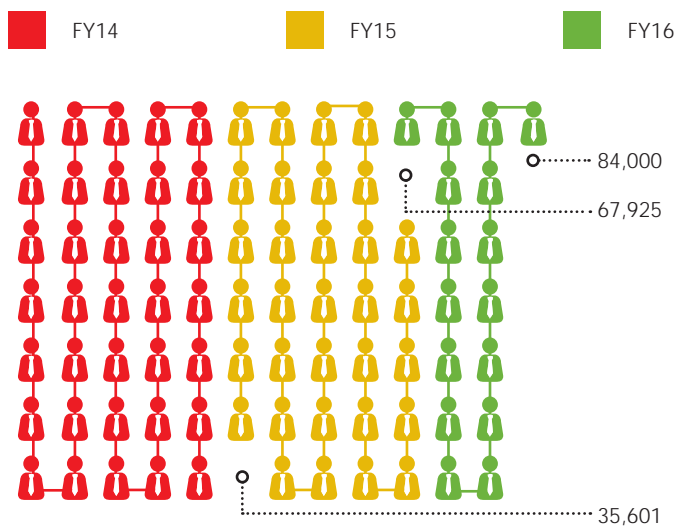
Monitoring our performance

We use the Net Promoter Score (NPS) to monitor customer satisfaction. NPS assesses the likelihood that a customer would recommend Safaricom to other businesses or friends, based on their overall experience. NPS is measured separately for consumer and enterprise customers.

Our ongoing NPS target is to be the number one integrated service provider by a margin of 5% for consumer customers and 10% for enterprise customers. This margin is relative to our competitors. The following table presents a breakdown of our NPS scores.

As the table illustrates, we achieved a consumer NPS competitor margin of 10% and an enterprise NPS competitor margin of 19%, both of which are commendable results and suggest that our new strategy is already paying dividends.

NPS RESULTS	FY16	FY15	FY14
Consumer NPS (competitor margin)	**10%**	4%	3%
Enterprise NPS (competitor margin)	**19%**	28%	8%

* Research performed by TNS

How did we deliver value to them during the year?

Consumers

The new strategy has plugged the customer back into the business in a meaningful way. Central to this has been our commitment to daily calls between the CEO, Technology Directors and the Customer Care teams to discuss and resolve the most pressing customer issues and we are already reaping the benefits of this approach. As a result of initiatives conceived during these conversations, we have seen calls to our contact centre drop from highs of around 600,000 to around 400,000 per day during the year.

This 30% reduction in calls has been achieved through a variety of initiatives, including empowering our frontline staff to achieve First Call Resolution (FCR) by giving them the tools and authority to deal with more customer issues without escalating these; ensuring better coordination with technical teams to support system stability and quick turnaround times in cases of failure; and our regionalisation programme, which has regional teams monitoring and resolving local issues, increasing our focus and shortening turnaround times. Other notable initiatives from the year include:

- **The *Hakikisha* service**
  This service provides M-PESA users with peace of mind by asking them to verify the receiving party before sending funds. This service has reduced payment reversals — the single biggest reason for a calls to the contact centre – by 15% since its introduction. The service still has some flaws, however, since it does not work on all devices and some customers get confused because the default cancel key on the phone screen doesn't actually stop the transaction.

- **Expanding customer self-service channels**
  The capacity of our Social Media online query service was expanded during the year to handle more queries and more licences were added for more agents to be able to work concurrently, which has dropped average response times to social media queries from 1.5 hours to under 30 minutes. Our USSD self-service was also enhanced to enable customers to obtain PUK, account and products and services information. We did not launch the social media self-service app as intended during the year, but plan to do so during FY17.

- **Improving customer care with dedicated desks**
  We opened 54 'care desks' at dealer premises across the country, offering on-site expertise and customer care services.

- **My Safaricom App**
  To further improve customer service, we launched the easy-to-use My Safaricom App. The application empowers users with self-care features that allow subscribers to resolve most of their issues on their own. The App also features the following services: airtime top ups; M-PESA statement requests; options to view, redeem and transfer Bonga points; data and SMS bundle purchasing; talk to a customer care agent through Live Chat or Facebook; and the management of SMS services.

Enterprise customers

A few of the specific ways in which we have delivered value to our enterprise customers during the year include:

- **Partner Engagement Programme (PEP)**
  Launched in FY14, our Partner Engagement Programme (PEP) is an intensive training initiative designed to ensure that every partner interaction with customers is of the very highest standards of professionalism. It is a comprehensive programme that consists of four subject areas or pillars and we successfully trained 550 partners and staff on these four pillars during the year.

- **Project Delight**
  Our 'Project Delight' initiative recognises that our customers are more than transactions and reminds us that, no matter how successful and big we become, we must remain focused on the individual relationships that are at the heart of our success. Through the project, we organise a series of networking and social events for enterprise customers throughout the year and, fundamentally, it reminds us that we are a group of people achieving things together. We successfully executed several campaigns and events this year, including VIP experiences at the Safaricom 7s and Safaricom Jazz Festival, celebrating Mother's Day and Father's Day, hosting guests at the Rhino Charge 2015 event and through participating in various Safaricom@15 initiatives.

- **Legendary Experience Awards**
  Our first Legendary Experience Awards were held in November 2015. All of our Service Deployment and Support partners were invited to the event and various categories of award were presented to top performers.

FY17 GOALS

- ✓ *Run a successful business productivity orientated programme for customers in April 2016.*

- ✓ *Grow our smartphone penetration by 10% through affordable device packages and offerings.*

EMPLOYEES

Overall, our employees are still young, dynamic Kenyans, with 67% of our workforce in their 30s, 13% still in their 20s and 85% of our workforce employed in Nairobi.

EMPLOYEES BY AGE BRACKET

Age Bracket (Years)		
20 - 29	👥👥👥👥👥👥👥👥👥👥👥	**13%**
30 - 39	👥👥👥	**67%**
40 - 49	👥👥👥👥👥👥👥👥👥👥👥👥👥👥👥👥	**19%**
50 - 59	👥	**1%**
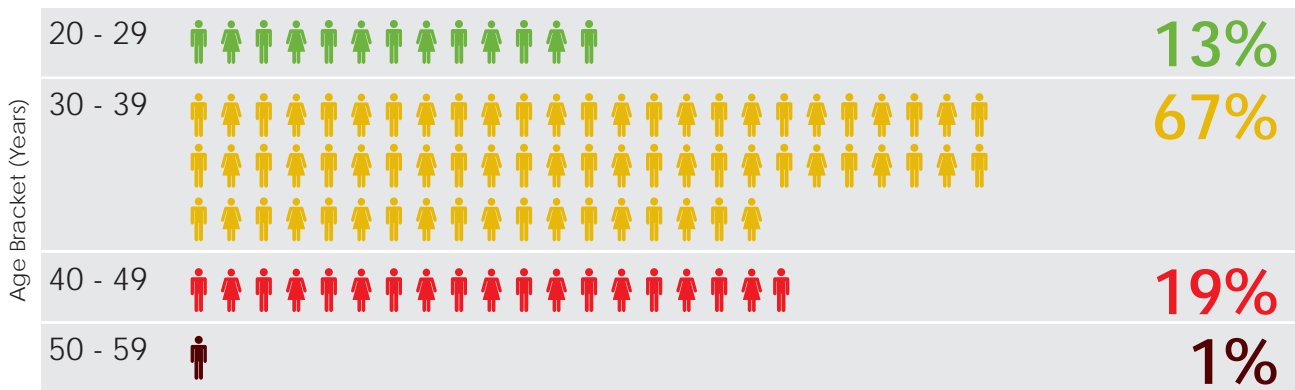
On the whole, our staff complement is evenly split between men and women, although the number of women in senior management positions remains relatively low.

Overall, employee morale is high and stable, despite a year of significant internal reorganisation and change in response to the new company strategy. According to our most recent our 'People Survey', the overwhelming majority of our colleagues (approximately 75%) are happy with employment conditions at the company, in general, and reasonably motivated or engaged with their work.

This overall perception of morale is supported by a staff turnover of only 5.6%, which has been pretty much the same for the last two years. The character of our workforce changed little during the year as well. Our staff complement increased slightly, but not significantly, to 4,287* permanent employees and the gender ratio remained stable.

* The Annual Report disclosed 4,258 employees. Subsequent to its publication the number was assured as 4287 employees.

For further, detailed information regarding our employee survey, workforce demographics and OSH-related information, please visit the companion website for this report at https://www.safaricom.co.ke/ sustainabilityreport_2016/

What are their 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.

Among the specific issues raised by employees during the year were concerns regarding the effectiveness of the new approach to Performance Development Reviews (PDRs) and the small number of mortgage schemes with low interest rates negotiated by the company. Both issues have been reviewed and appropriate solutions are being sought.

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 three fatalities this year: two contractors and a third party. The two contractor deaths were caused by falls while working at height and the third party death was the result of a road traffic accident. The two Lost Time Injuries (LTIs) reported during the year were injuries sustained in road traffic accidents as well.

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 the sake of 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.

- **The 'Head to Hearts' Campaign**
  While it is gratifying to note that the view of employees, expressed in the People Survey, is that the company takes health and safety seriously, the prevailing attitude among staff appears to be more of a 'mechanical' observation of the rules, rather than a personally invested, proactive approach to health and safety.

  This state of affairs inspired us to launch the 'Head to Hearts' Campaign during the year. Introduced in the town halls held during the launch of the Regional Operations Structure, the Head to Hearts campaign calls for the observance of safety rules and requirements in all facets of one's life, whether at home, at work or elsewhere and not that Safety begins and ends at the gates of Company premises or under the watch of Line Managers and Leaders.

- **Road safety initiatives**
  Although the total number of Road Traffic Accidents increased from 94 to 104 during the year, this can be attributed to the growth in the number of vehicles in the fleet from 340 to 378 and an increase in the distances travelled, which rose from 720,000km/month to 960,000km/month during the period under review.

  We also addressed the issue of road safety by offering all staff authorised to drive company vehicles a Defensive Driving Course, which offers practical drills to condition employees to drive safely despite the conditions around them. To date, 450 members of staff have undergone this training.

  As part of our response to road safety, we have also shared videos and e-shots, including a road safety video by CEO, Bob Collymore, together with weekly departmental engagement on driving behaviour (using data downloaded from fleet management system) and accident statistics reviews, as well as instituting disciplinary action for breaches of the Safaricom Fleet Policy.

- **Expediting career development**
  The Career Path Framework (CPF) was enhanced during the year and now includes self-assessment ratings against various skills and competencies. These ratings are then used by the system to suggest remedial interventions to close any gaps that are identified. The CPF has been used by 79% of employees to date.

  Officially launched in FY15, the CPF is available to staff through the intranet and the Safaricom Academy Portal and helps them to identify the career paths available to them and the skills gaps they need to close in order to fast track their career development.

  Our new virtual knowledge learning centre, the Safaricom Uni, presents a platform where all staff have access to learning content that focuses on building their leadership, functional and business skills. Currently, the Safaricom Uni houses 11 academies, with an uptake of 69% across the business. In line with the business pillars, on customer first drivers, courses like new ways of marketing, solution selling, customer experience excellence, emotional intelligence and team effectiveness recorded an improved uptake.

- **Acoustic shock management**
  As a result of our interventions during the year, acoustic shock cases reduced from 278 in FY15 to just 70 cases. Acoustic shock is a hearing condition that can affect call centre staff and, having monitored and assessed the situation closely for three years, we implemented a new policy this year.

- **Safaricom Discover Programme**

  Although not a new initiative, the Safaricom Discover Programme has been a tremendous success and we placed all 16 graduate management trainees who joined us in 2014 in permanent positions during the year. A response to our need to accelerate the development of our talent, the 18 month programme is designed to forge our future business leaders by preparing them to assume challenging responsibilities and roles. The program creates an accelerated learning environment by rotating trainees within and across diverse business functions during its application.

"Being part of the Safaricom family is fun and exciting"

"The most exciting part about this journey is that you get to learn something new every day. You discover why relations are important both at the office and outside of work. You learn how and why processes, policies and procedures fit together. You get to know why the customer is important and why we are efficient at what we do. It's all about the why, why, why? And finding answers to the whys? Finally, you get to create innovative projects and see them to the end of implementation.

"At the end of it all, in the same way each part in an engine works together, you see how employees make up the divisions and the divisions make up the company.

"For one to be selected as a graduate trainee, I believe one has to have leadership skills, confidence and a vision of where they want to be.

"Being part of the Safaricom family is fun and exciting, as we continue to achieve our mission of Transforming Lives together."

- **Level Up Campaign**

  An exciting new initiative launched during the year was the Level Up campaign. A 'Business Know-How Knowledge Week', the initiative is a response to the 2014 People Survey feedback workshops revelation that many members of staff do not understand the functions and roles of other business units and divisions.

  The inaugural event took place in March 2016 and consisted of a week of different 'business hubs' and networking occasions, during which staff members from specific units and divisions explained what they do to other employees through presentations and discussions.

  Over 700 members of staff attended the event and the feedback was positive, with many expressing not just a far greater knowledge of the organisation, but also a better feeling of togetherness as a team afterwards. The campaign is now being rolled out to the regions.

Focus areas for the year ahead

From a career management perspective, we intend to re-launch the competency framework during the year ahead. This will link competency management with other HR systems, such as performance management, succession planning and Oracle learner manager, which will ensure all employees have an opportunity to comprehensively assess themselves individually in terms of their competency level in the three broad categories of our competencies of business, functional and leadership. This will then be evaluated as skill gaps and necessary interventions will be put in place, such as workshops, coaching, mentorship, E-class courses and classroom trainings.

Another area of focus will be managerial and leadership development, we intend to develop our people managers to embrace better ways of communicating using our new digital collaboration tools and social media. This will drive our engagement index and create a conducive working climate for our staff and, by 31st March 2017, 80% of our managers are expected to have been developed.

We will also introduce new leadership and management development programmes to cut across all levels and embed a new way of leadership to embrace the people-centric culture. One example of these will be the introduction of coaches for all leaders, which will greatly help in embedding a coaching culture within the company, leading to higher people engagement and productivity levels.

We will also be focusing on developing the right capabilities to ensure a continuous transformation towards customer focus through: Consumer Marketing; CARE Programmes; Segment Marketing; and Digital and Brand Trainings. These initiatives are expected to drive our NPS to meet the business target of being number one in NPS with a lead margin of seven points or more.

FY17 GOALS

- ✓ *Ensure that >60% of employees have normal BMI scores.*

- ✓ *Ensure gender parity in every division (50% female employees).*

- ✓ *Introduce a Gender-based violence policy and implement company-wide training.*

- ✓ *Achieve 100% on submissions of risk treatment plans for all high risk contracts for main and sub-contractors.*

- ✓ *Increase the number of Asian hires and enrich their career experience in a corporate environment. All Divisions to have at least 2 Kenyan Asians working full-time (or equivalent).*

BUSINESS PARTNERS

Our business partners include suppliers, dealers and agents. We rely heavily on our partners from both an operational perspective and also in terms of our reputation. We also understand that we can play an important role in encouraging sustainable practices throughout our business ecosystem and value chain by engaging with our partners in this regard.

In terms of our suppliers, we used 1,094 providers and spent a total of just under KSh 76.8 billion on products and services during the reporting period. We continue to favour local suppliers where feasible and we are satisfied with the weighting towards Kenyan companies achieved during the year, with 84% of our providers being local.

We have a network of 456 'active' dealers across Kenya that sell data, devices and airtime on behalf of Safaricom. This is a reduction from the 487 dealers we had last year and reflects the termination of contracts with dealers that did not meet the requirements of their performance contracts during the year.

We believe that this is the right size of network to support the market at the moment so we are not actively on-boarding new dealers and expect this number to remain fairly stable in the near future. Our current focus is not to increase the number of dealers, but to help each individual dealer achieve greater volumes and success.

We also have 100,744 M-PESA agents who support and administer M-PESA-related transactions for customers. Our network of agents grew by 17.5% during the year as new areas of opportunity were identified in response to our regionalisation programme and the commissioning of additional BTS.

For further, detailed information regarding our supplier spend and network, please visit the companion website for this report at https://www.safaricom.co.ke/sustainabilityreport_2016/

HOW DID WE DELIVER VALUE TO THEM DURING THE YEAR?

Suppliers

From the perspective of our suppliers, we delivered value to them during the year in the following ways:

- **Annual Partners Forum**

  We meet with our suppliers every year to hear their concerns and exchange ideas and information with them. During the event, we conduct a survey to assess their perceptions and levels of satisfaction and confidence regarding Safaricom. We use the feedback gained through the survey to adjust our processes and offerings to partners.

  We held a meeting on 9th February 2016 with our contracted partners to sensitise them to the Code of Ethics for Business in Kenya. The Code is based on the principles of the United Nations Global Compact (UNGC). By the end of the financial year, 269 or 81% of suppliers with running contracts had signed up to the Code of Ethics for Business in Kenya. Through such efforts, we continue to play a role in building the critical mass of businesses needed to create a responsible business community in Kenya. At the time of this report being published, 95% of our suppliers had signed up to the Code. For the suppliers who failed to sign up, the business made a decision not renew their contracts once they expire and not to engage with them on future opportunities until they sign the commitment.

- **Performance evaluations**

  We undertake performance evaluations of all of our suppliers on a quarterly or bi-annual basis. Suppliers are measured against a variety of indicators (e.g. cost, quality, delivery, responsiveness, flexibility, value-add, health and safety) and a performance score is calculated.

  Suppliers whose performance is below the required threshold (<60%) are assisted with customised performance improvement plans (PIP) and mentored towards achieving acceptable levels of service. In case of lack of improvements after a PIP has been implemented, the contract is recommended for termination and no invitations are sent for participation in future business opportunities.

	Target 2017	Target 2016	2016	2015
Supplier performance evaluations - score	80%	>60%	78%	77%
Performance evaluations- number of participating suppliers	1,200	600	947	400

This year, the automation of the performance management enhanced the process and the number of suppliers evaluated increased by 137% compared to the previous period (FY15). This was majorly due to automatic notifications, follow ups and ease of evaluations once the user has been given access credentials.

- **Supplier Portal Upgrade**
Safaricom implemented three modules within Oracle ERP to address the concerns that our partners have raised in the past.

On payments, we implemented iSupplier portal specifically for supplier interactions. We trained and registered the 170 suppliers that had the highest number of purchase order (PO) transactions with Safaricom. These partners are now able to:

o   view all approved POs;

o   view all POs for goods/services for which Safaricom has confirmed delivery;

o   create and submit own invoices directly into the accounts payable module of Safaricom and;

o   view the status of their invoices and payments.

As a result, the accounts payable average payment days reduced from 69 days in the 3rd quarter of FY15 to 18 days at the close of FY16.

The iSourcing module was also implemented for online tendering. This has introduced more transparency to the way we interact with our partners on acquisition of goods and services.

Finally, Safaricom implemented a Supplier Lifecycle management module for all prospective suppliers. The module was deployed on the Safaricom internet page, making it possible for all prospective suppliers to express their interest without going through a lengthy process.

- **Procurement policy revisions**
During the year, we revised our Purchasing Policy to include Diversity and Inclusion sections; for example, special group suppliers identified for purposes of diversity and inclusion (this is applicable to Kenyan companies/citizens only) include: Youth; Women; and Persons with Disabilities. The policy document is pending final approval before it is circulated for use.

- **Supplier risk assessments**
Supply chain and Enterprise risk teams partnered to undertake risk assessments for the top 10 key suppliers selected from each of the four spend categories (Services, Networks, IT VAS and Terminals). The objectives were to identify, measure and apply mitigation plans for all supply chain risks and effectively evaluate the completeness of controls in place. Seven suppliers were fully assessed during the year and three are currently undergoing assessment.

Dealers

We delivered value to our dealers in the following ways during the year:

- **Relationship Managers**
We introduced dealer Relationship Managers (RMs) in FY14. The RMs provide each dealer with a single point of contact to assist them with any challenges or issues they are facing. The RMs also put together business plans for each dealer to help them identify areas for improvement and potential growth.

- **Principle Forums**
This is an ongoing initiatives and we host several Dealer Forums each year. It is an excellent opportunity for us to listen to dealers as they share their concerns, needs and ideas for ways in which we can improve our services and support them further. Our RMs were an idea that came out of a forum, for instance.

- **Customer Care Desks**
We opened 54 'care desks' at dealer premises across the country to assist with the handling of customer care queries and the provision of services.

Agents

In terms of our agents, we delivered value to them in the following ways during the year:

- **Relationship Managers**

  We expanded our team of agent Relationship Managers (RMs) to six during the year, who now handle the top 600 agent head offices that provide us with 80% of our revenues.

- **Principle Forums**

  We changed the format of our agent Principle Forums this year. We solicited feedback on challenges and issues at the start of the year, such as commissions and the migration to the new system, and then reported back on our progress against these challenges at the end of the year. As a result, the forums are much more intensive and focused and agents are seeing quicker, more tangible outcomes. These forums are held in 13 areas on a quarterly basis.

- **Agent assistant training**

  A new initiative launched during the year, this is a one-on-one training session that identifies and plugs the gaps in an individual's knowledge, empowering them and improving the service they are able to provide customers and colleagues. Our area managers in 35 areas are now trained every quarter.

- **Weekend capital financing**

  Like the service launched for dealers, this new facility provides agents with an internal float over weekends and public holidays, ensuring they have enough stock to meet demand during these periods. An average of 625 agencies are financed every weekend to an average amount of KSh 630 million or more.

- **KCB service upgrades**

  As well as not being charged to replenish their floats at KCB, agents can now access loans at a reduced rate of 16% interest. During the year, KCB agents processed a total of 500 KCB KOPA float loans, amounting to KSh 949,613,029.

- **Merchandising**

  We expanded our branded merchandising initiatives to include all agent head offices and stores on a quarterly basis. The merchandising available includes calendars, umbrellas, caps and t-shirts.

- **Regional Agent Awards**

  Our annual Awards event was expanded and improved this year as well. Events were held in six regions and a total of 177 Agent Stores were awarded.

Focus areas for the year ahead

In terms of our suppliers, our focus areas in the year ahead will include:

- The performance evaluation will focus in future on key/strategic vendors in terms of spend analysis and critical service areas. This will pave the way for the creation of high-level business reviews after the performance review and feedback meeting with the vendor. Evaluation for other vendors can be left to the administration of the user sections, while supply chain is given the reports/compilation from Symfact.

- Emphasis will be on end-user training and sensitisation to enhance performance monitoring and meeting expectations.

- We will implement contract management functionality for the Enterprise and Consumer Business Units to improve on customer experience.

- Visits to suppliers and holding performance meeting reviews at supplier premises will be undertaken.

In terms of our agents, our focus areas in the year ahead will include:

- Agent commission visibility — we intend to upgrade our systems so that sub-agents who do not have access to the Dealer Portal will be able to query their float levels at any given time using a USSD code.

- Agent segmentation — M-PESA Agent Head offices and outlets will be segmented, depending on their transaction values and volumes.

- Staff uniforms — we intend to issue staff uniforms to 3,000 stores on a quarterly basis.

- Branding — we intend to brand 500 stores on a quarterly basis.

- Float level validation on till application — float checks for all the stores under an organisation will be performed automatically by the system before allowing the head office to apply for a new till.

SHAREHOLDERS

Our shareholding structure is composed of the Government of Kenya (35%); Vodafone (40%) and free float (25%).

While the overall shareholding structure hasn't changed, we have noticed a decline in retail shareholders and an increase in corporate shareholders within the 'free float', especially local companies. The following chart presents the movements in proportions of our shareholder categories from March 2015 to March 2016.

MOVEMENTS IN PROPORTIONS OF 'FREE FLOAT' SHAREHOLDERS BY CATEGORY

Foreign Corporate ⇩0.5ppt to 49.9%

Local Corporate ⇧1.4ppt to 32.8%

Local Individual ⇩0.9ppt to 16.9%

Foreign Individual ⇩0.01ppt to 0.4%

VODAFONE 40%

GOVT. OF KENYA 35%
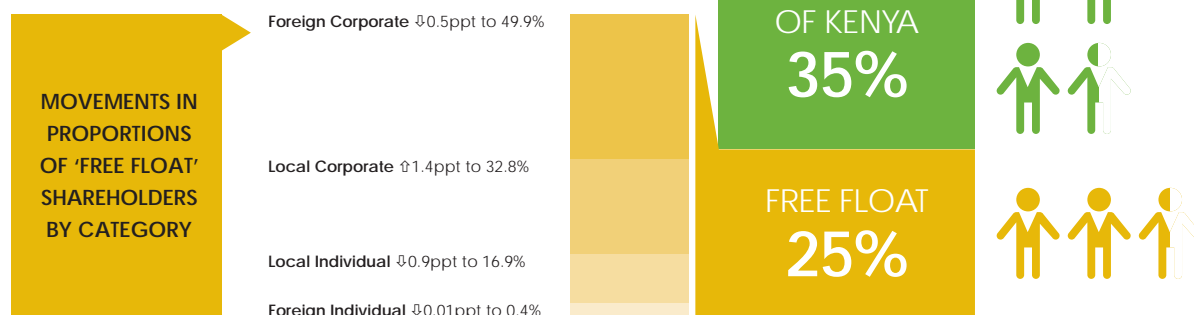
FREE FLOAT 25%

As the preceding chart shows, foreign corporates hold the highest proportion of the free float, approximately 50%. While the number of local companies holding shares in Safaricom has been on a decline, the proportion of shares they hold has been increasing, currently these companies hold 33% of the free float). We attribute this trend to profit taking among small-scale retail investors, with lager investors and foreign corporates picking up the shares.

SHAREHOLDING BANDS

Shareholding Band	Mar'16	%	Mar'15	%	YoY % Change
1 to 1,000	386,151	64.27%	397,215	63.67%	0.60%
1,001 to 10,000	189,837	31.60%	200,039	32.06%	-0.47%
10,001 to 100,000	22,234	3.70%	23,954	3.84%	-0.14%
100,001 to 1,000,000	1,955	0.33%	2,066	0.33%	-0.01%
1,000,001 to 10,000,000	465	0.08%	428	0.07%	0.01%
10,000,001 to 100,000,000	176	0.03%	161	0.03%	0.00%
Over 100,000,000	11	-	11	-	-

The preceding table shows that 95% of our shareholders hold a maximum of 10,000 shares and are mostly comprised of the local individuals; however, the number of the local individual shareholders continue to decline.
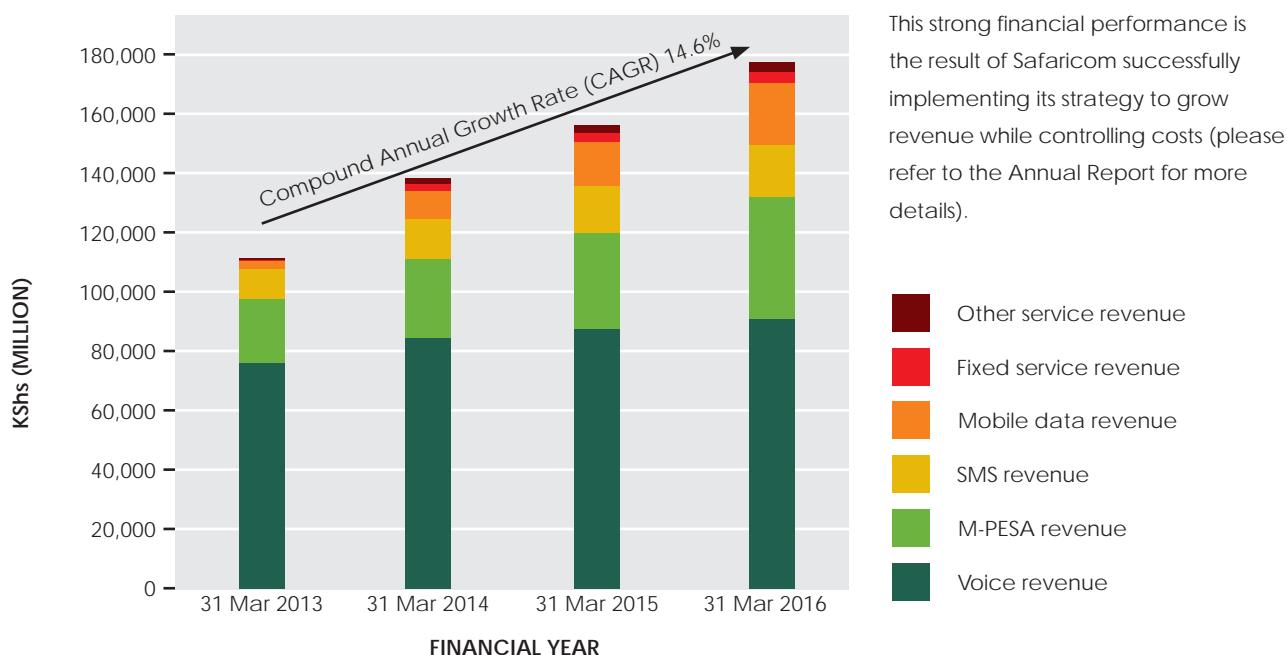
How did we deliver value to them during the year?

We deliver value to our investors through our strong financial performance and through how we engage and communicate with them.

Financial performance:

We delivered strong financial performance again this year, which has resulted in further dividend growth and share appreciation:

• Achieving an EBITDA of KSh 83.1bn, up 16.7% from FY15, with an EBITDA margin of 44.6

• Achieving a 19.6% increase in net income (increase to KSh 38.1bn)

• Proposing a dividend per share of KSh 0.76, which is 18.9% higher than last year

• Increasing our free cash flow by 10.3% to KSh 30.4bn

KShs (MILLION) — Compound Annual Growth Rate (CAGR) 14.6%

Legend:
- Other service revenue
- Fixed service revenue
- Mobile data revenue
- SMS revenue
- M-PESA revenue
- Voice revenue

FINANCIAL YEAR: 31 Mar 2013, 31 Mar 2014, 31 Mar 2015, 31 Mar 2016

This strong financial performance is the result of Safaricom successfully implementing its strategy to grow revenue while controlling costs (please refer to the Annual Report for more details).

Communications to investors:

We engage with individual investors, fund managers, analysts and other members of the investment community actively. On a regular, ongoing basis, we deliver value to these important stakeholders by ensuring that we are available to them and respond to their telephonic, email and message-based enquiries swiftly. We also publish an annual report to keep investors updated on financial and non-financial performance, and we hold an annual general meeting, which provides a forum for discussion and debate with shareholders.

We also disseminate information about financial results, reports and upcoming events to them via press releases and other communiqués. In addition, we will invite shareholders and other members of the investment community to briefings and workshops as required.

We maintain an up-to-date investor dashboard on the Safaricom website as well, which enables investors to access a wide range of information conveniently and easily, including our investor calendar of events and forms, our current corporate strategy, analyst coverage, fact sheets, share price information, half year and full year results, our reports, along with information regarding our current governance and sustainability objectives and performance.

Along with these standard, ongoing responses, some of the specific ways in which we have delivered value to our shareholders during the reporting period include:

- **Local and international investor road shows**
  During the year, we hosted investor road shows to share our interim and full year results. During these roadshows we update shareholders on our strategy and outlook.

- **Swift dividend payouts**
  During the year, we continued to pay investors their dividends through our M-PESA platform, which makes it a cheaper and more convenient process for recipients, particularly smaller investors.

- **Assistance with reclaiming lapsed dividends**
  We continue to address issues around unclaimed dividends as these arise, primarily, by advising the affected shareholders on the process of claiming their dividends from the Unclaimed Financial Assets Authority (UFAA). We also intend to encourage the UFAA to continue with initiatives of educating the shareholders on the implications of the Unclaimed Financial Assets Act. This is in addition to informing our shareholders of the same and encouraging them to encash any outstanding dividend cheques or opt to be paid by other faster means, such as M-PESA and EFTs.

SOCIETY

Our society is, first and foremost, the Kenyan people and then the broader regional and global community in which we operate. We take pride in being a responsible corporate member of Kenyan society and remain committed to working closely with Kenyans to be a respected and empowering contributor to the social and economic landscape of the country.

How did we deliver value to them during the year?

We deliver value to the society within which we operate on an ongoing basis as a top Kenyan tax payer and employer, and by engaging and empowering groups and individuals throughout the country in a variety of diverse ways. The services we provide through our network enhance and transform the lives of Kenyans every day, we also sponsor a variety of cultural and sporting events, and have an active Corporate Social Investment (CSI) programme.

Along with these ongoing channels, a few of the specific ways in which we have delivered value to Kenyan society during the year include:

- **Supporting the Global Compact Network Kenya (GCNK)**
  The United Nations Global Compact (UNGC) encourages companies to benefit the economies and societies in which they operate by committing to 10 principles in the areas of human rights, labour, environment and anti-corruption. We renewed out commitment to its Local Network in Kenya during the year and seconded a full-time staff member to the GCNK office.

- **Commissioner for the Business and Sustainable Development Commission**
  Our CEO, Bob Collymore, was also appointed as a Commissioner for the Business and Sustainable Development Commission (BSDC) during the year, which aims to articulate and quantify the compelling economic case for business to advance the UN Sustainable Development Goals (SDGs) by 2030.

- **Keeping anti-corruption on the local agenda**
  CEO Bob Collymore also continued his work as a member of the UNGC Anti-Corruption Working Group during the year and was a speaker at the 17th Anti-Corruption Working Group Meeting & International Anti-Corruption Conference in Nairobi in December 2015. Co-hosted with the UN Global Compact Network Kenya and opened by the Kenyan President, Uhuru Kenyatta, the event brought together over 400 high-level representatives from the private sector, government, international organisations, civil society and the media to discuss the critical role of the private sector in stemming the tide against corruption and the importance of all stakeholders — public, private and civil society — to unite against corruption.

- **Protecting the rights of children**
  Having developed and published a Children's Rights and Business Principles Policy last year, we worked to raise awareness and integrate the policy into the various divisions within our business. We also raised awareness externally by presenting at a CEO breakfast meeting.

- **Protecting the safety of Kenyans**
  The National Security Surveillance, Communication and Control System for Nairobi and Mombasa was completed in November 2015. A partnership between Safaricom and the Government of Kenya, the state-of-the-art system has connected 195 police stations in Nairobi and Mombasa to 1,800 CCTV cameras. The system is a response to the very real, and growing, threat of terrorist attacks and we remain proud of our non-profit role in building a system that will help the National Police Service protect the safety of Kenyans and save lives in an emergency.

- **Putting sustainability on the leadership agenda**
  In March 2016, we launched the African Sustainability Leadership programme in partnership with the UN GCNK, Unilever and three world-class centers of research and teaching on business and sustainability issues, namely, the Institute for Sustainability Leadership (CISL) at the University of Cambridge, the University of Cape Town and Strathmore University. Designed for senior executives, the programme helps decision makers change mindsets, develop innovative solutions and use sustainability to transform commercial challenges and constrains into opportunities.

FY17 GOALS

✓ Reach 825,000 small holder farmers with our agri-related solutions (iCow, E-Subsidy and Digifarm) and generate KSh 101 million from all the agricultural products.

✓ Host two training sessions on sustainability reporting for business partners and engage with at least 20 businesses on sustainability reporting.

✓ Partner with two start-ups or SMEs in the affordable medical insurance industry.

REGULATORS

Regulatory bodies are the means through which the people of a nation can supervise the activities of organisations like companies and the fundamental goal of any regulator is to protect the safety and interests of the public. We are overseen by eight regulatory authorities in particular and our chief regulator is the Communications Authority of Kenya (CA).

For further information regarding the CA and our other primary regulators, please visit the companion website for this report at https://www.safaricom.co.ke/sustainabilityreport_2016/

What are their needs and expectations of us?

Our services play an important and sometimes even critical role in the daily lives of Kenyans. As a result, the regulators expect us to provide these services in a reasonable, responsible, ethical and environmentally sensitive manner, providing customers with adequate information and support to access and enjoy our services, while respecting their rights. Our regulators also require us to compete for business fairly and to play our part in helping to empower and transform the lives of Kenyans through innovation and investment.

How did we deliver value to them during the year?

On a regular, ongoing basis, we deliver value to our regulators by complying with the obligations they have given us and through communicating and engaging with them on the issues that arise. Some of the specific issues on which we have engaged our regulators during the reporting period include:

*   **The Universal Service Fund (USF)**
    Following on from our successfully lobbying that that interconnect and MMT revenue be excluded from the USF payable by operators, the CA engaged a consultant to conduct a USF Access Gap Study in Nov 2015. In order to cover the identified gaps, the consultant recommended various areas be placed into viable bidding lots and financed by USF. As the next step, we expect the Project Implementation Report to be released in June 2016. We continue to engage with the CA in this process.

*   **SIM Registration Regulations**
    During the reporting period, the CA amended the SIM Registration Regulations and introduced new requirements on operators to retain copies of subscriber national Identification cards. We are working closely with the Authority in order to construct a framework that meets these regulatory objectives in a satisfactory manner.

*   **Quality of Service (QoS) measurements**
    Following lobbying by the industry, the CA formally appointed an international consultant to develop a new QoS Measurement and Methodology Framework. In January 2016, the CA released its new Framework for Voice, Data, Inspections and Data Verification. The Authority intends to conduct a pilot between January and June 2016 and we continue to engage with the CA in this process.

*   **Information and Communications Sector Regulations**
    The CA suspended its comprehensive review of the regulations governing the sector on 9 December 2015 and commenced the process of recruiting a consultant to undertake a Competition Study in the Telecommunications Market by issuing an RFP for this process. We await the outcome of this process and continue to support attempts to grow the market and to provide consumers with the very best offerings in terms of variety, price and quality that are aligned with international best practices.

FY17 GOALS

*   ✓ *Achieve 100% compliance with NEMA standards on emissions and effluent discharge, and waste management.*

*   ✓ *Achieve 100% screening of all new suppliers for historical corruption cases (and blacklist culpable firms).*

*   ✓ *Achieve at least four engagements with the ICT industry on common issues and the issuing of at least four reports based on engagements, with recommendations and action plans.*

*   ✓ *Ensure that each new infrastructure project (Listed by EMCA 1999) undergoes an EIA and EA and to ensure 100% compliance with NEMA standards.*

MEDIA

The media play an important role in society through providing a platform for discussion and debate. They are also an important stakeholder of ours as they provide us with a channel through which we can communicate with our other stakeholders, such as our customers.

Accordingly, we need to make sure that the relevant members of the media are presented with the right facts and information and that significant issues are identified and fully explained so that topics and events are reported in an accurate and balanced manner.

We maintain good working relationships with a wide variety of media representatives to ensure that our voice is also heard on pertinent issues and to help provide information and guidance topics that are related to our areas of expertise.

Safaricom is proud to be closely associated with Kenya's first business journalism fellowship program at Strathmore Business School. As Kenya, and East Africa's most successful company by many measures (turnover, profit, customer base, market capitalization), Safaricom is also arguably the most closely scrutinized company.

Its business and social performance is of great interest to its large local customer and shareholder base, the government, and international portfolio investors, while the phenomenal success of M-PESA in Kenya attracts the interest of the technology and development community worldwide. Safaricom, therefore has a major interest in the quality of journalism in Kenya, and financial reporting in particular. In an age when many news organizations no longer have the resources to tackle complex, time-consuming stories, the Safaricom Business Journalism Fellowship Program will enable journalists to develop the analytical skills needed not only to connect the dots across a wide range of complicated topics, but also to produce impactful journalism that will set them apart. Safaricom decided to partner with the Strathmore Business School for this important project due to the fact that it has become a significant guiding force in our business community.

Through this program we hope to prepare journalists to perform a vital and challenging function in free societies: finding the truth in complicated situations, usually under a time constraint, and communicating it in a clear engaging fashion to the public.

FY17 GOALS

✓ *Ensure that 100% of FAQs from the media are answered satisfactorily and that our response time and queries reduce from our current baseline.*

CONCLUDING REMARKS

We hope that our report has presented you with a satisfying and meaningful overview of the role sustainability plays in our day-to-day operations and business practices. Through this report, we have tried to describe what sustainability means to us, how it unties us as an organisation, how it governs us internally and how it guides us externally.

We publish an annual sustainability report as a tangible expression our commitment to transform lives and to operate in a responsible and ethical manner. It is also a reflection of our belief in holding ourselves accountable and sharing our successes, challenges and constraints in a public, transparent and open manner.

This report is also an explicit responsibility of our continued membership of the UN Global Compact Network Kenya (GCNK) and an expression of our enthusiastic adherence to the principles enshrined in the Code of Ethics for Business in Kenya.

An exciting opportunity

From a sustainability perspective, an exciting recent development has been the launch of the United Nations Sustainable Development Goals (SDGs). The successors to the Millennium Development Goals, the SDGs are an articulation of how we can work together to end poverty, protect the planet and ensure prosperity for all.

"It was not obvious how a Goal like 'Good jobs and economic growth' could relate with my role at Safaricom, but after reasoning about it with the team, I realised that I can make a difference by ensuring that we adhere to good labour practices amongst suppliers in Kenya. This work has encouraged me to connect deeper with the purpose of my job and has really boosted my motivation."

Samuel Ngugi
Senior Supply Chain Manager

Adopted in September 2015, we believe that the SDGs offer us a way of embedding sustainability into our thinking and even further into the core of the business.

This process has begun in earnest and one of the outcomes is an enhanced purpose statement for the business that aligns our vision of transforming lives, new business strategy and material matters with the SDG objectives. Much of the early work in this process has been to convert the SDGs from a list of noble ideals into a set of tangible, meaningful and realistic daily objectives for us as a company. We look forward to sharing our discoveries and progress in this regard in our report next year.

SAFARICOM'S SDG PURPOSE STATEMENT

We commit to **deliver connectivity and innovative (Goal 9)** products and services that will provide unmatched solutions to meet the needs of Kenyans by **enabling access (Goal 10)** through our technologies and **partners (Goal 17)** and by exploring opportunities in **Health (Goal 3)**, **Education(Goal 4)** and **Energy (Goal 7)**. We will do so by managing our operations **responsibly (Goal 12)** and **ethically (Goal 16)**. This will **stimulate growth** and **generate value (Goal 8)** for our company, society and economy.

"We are aware integrating sustainability is an uncertain journey of which we have just begun. Our success so far has been underpinned by the effort we have put in towards engaging in open conversations across board with our colleagues in order to bring the SDGs closer to our business."

Stephen Chege
Director of Corporate Affairs

We value your views and feedback on our sustainability reporting. Please share any comments, queries or suggestions you have with the reporting team by emailing sustainability@safaricom.co.ke

NOTES

NOTES

NOTES

NOTES

NOTES

SAFARICOM HOUSE
Waiyaki Way, Westlands
PO Box 66827, 00800 Nairobi
Tel: +254 722 00 4524/4260
www.safaricom.co.ke