Safaricom PLC Annual Report and Financial Statements 2024

Safaricom

Navigational Icons

Our six capitals

FINANCIAL CAPITAL
The pool of funds and assets that we maintain.

HUMAN CAPITAL
Our employees, and all the competencies, abilities experience and expertise that they bring to the Group.

INTELLECTUAL CAPITAL
The policies, procedures, intellectual property (IP), knowledge that exists and is cultivated in our organisation, including our vision, mission, purpose, reputation, and the value of our brand.

SOCIAL AND RELATIONSHIP CAPITAL
The partnerships and relationships that we build and maintain with all our stakeholders, including our employees, providers and suppliers, and our communities.

MANUFACTURED CAPITAL
For more on our technology and services, see pages 76 and 19 respectively.

NATURAL CAPITAL
The beneficial projects that help to sustain the environment in which we operate.

Our four strategic pillars

STRENGTHEN THE CORE

TO BE A FINANCIAL SERVICES PROVIDER

ACCELERATE NEW GROWTH AREAS

ACHIEVE COST LEADERSHIP

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UNSDGs

Good health and wellbeing
Quality education
Affordable and clean energy
Decent work and economic growth
Industry, innovation and infrastructure
Reduced inequalities
Responsible consumption and production
Peace, justice and strong institutions
Partnerships for the goals

A Snapshot of Safaricom in FY2024

Key numbers FY2024

Safaricom Group performance

Service revenue grew
13.4% YoY to
KShs 335,353.1 million

Voice revenue declined
0.6% YoY to
KShs 80,541.1 million

Messaging revenue grew
8.3% YoY to
KShs 12,319.2 million

Safaricom Kenya performance

Service revenue grew
11.7% YoY to
KShs 329,805.5 million

M-PESA revenue grew
19.4% YoY to
KShs 139,914.8 million

Voice revenue declined
1.7% YoY to
KShs 79,511.7 million

Message revenue grew
8.0% YoY to
KShs 12,277.0 million

Fixed line and wholesale revenue grew
12.0% YoY to
KShs 15,111.3 million

Mobile data revenue grew
18.0% YoY to
KShs 63,236.2 million

Active M-PESA customers grew
0.9% YoY to
32.41 million

Active customers grew
4.6% YoY to
34.64 million

M-PESA revenue grew
↑ 19.5% YoY to
KShs 140,006.7 million

Mobile data revenue grew
↑ 24.9% YoY to
KShs 67,404.3 million

Fixed line and wholesale revenue grew
↑ 11.2% YoY to
KShs 14,962.2 million

Safaricom Telecommunications Ethiopia (STE) performance

Service revenue
KShs 5,758.3 million

Mobile data revenue
KShs 4,168.1 million

Voice revenue
KShs 1,029.4 million

Mobile incoming revenue
KShs 360.4 million

M-PESA revenue
KShs 91.9 million

Messaging revenue
KShs 42.3 million

Total gross adds
9.4 million

Three-month active customers
4.35 million

M-PESA registered customers
4.51 million

A Snapshot of Safaricom in FY2024 (continued)

Key numbers FY2024 (continued)

HUMAN CAPITAL (SAFARICOM KENYA)

↑ 6,661
Employees (Group)
(2023: 6,616)

↑ 80%
Proportion of staff excited about Safaricom's future
(2023: 75%)

↓ 49%
Women in our workforce
(2023: 49.3%)

↑ 86%
Proportion of staff who are happy working at Safaricom
(2023: 84%)

↓ 5.67%
Procurement spend on women-owned businesses
(2023: 5.81%)

= 0
Staff fatalities; 0 third-party employees
(2023: 0 staff; 2 third-party employees)

↑ 42.4%
Women in senior management
(2023: 40.1%)

↑ 3.3%
Employees with disabilities
(2023: 3.0%)

NATURAL CAPITAL*

66,208 m³
Water consumption
↑ 40.8%
(2023: 47,023 m³)

290.438 tonnes
e-waste collected – 100% recycled/ refurbished
Total to date – 2,048.438 tonnes
+>100% YoY
(2023: 132 tonnes; total to date: 1,758 tonnes)

>1,400
Sites using solar and hybrid clean power
(2023: >1,400)

178,237 kg
Total solid waste collected –**174,496 kg** recycled
98% recycling rate for solid waste
(2023: 91,920 kg – 88,796 kg recycled)

468,675 kg
Total waste collected – **464,934 kg** recycled
99% recycling rate for total waste

**Assured data will be included in the 2024 Sustainability Report*

SOCIAL AND RELATIONSHIP CAPITAL

44.67 million
Total customers (Safaricom Kenya)
↑ 2.1% YoY
(2023: 43.75 million)

5.44 million
M-TIBA customers
↑ 4.6%
(2023: 5.2 million)

4.35 million
Total customers (Safaricom Ethiopia)
↑ >100% YoY
(2023: 2.14 million)

248,574
Fixed home customers
↑ 27.0%
(2023: 195,741)

32.41 million
M-PESA customers
↑ 0.9%
(2023: 32.11 million)

262,016
Active M-PESA agents
↓ 0.1%
(2023: 262,309)

1,193.2k
M-PESA Global customers
↑ 22.9%
(2023: 971.2k)

633,009
LNM active merchants
↑ 4.3%
(2023: 602,662)

27.59 million
One-month customers (Safaricom Kenya)
↑ 5.8%
(2023: 26.07 million)
↑ 1.99 million, > 100%
(2023: 0.92 million) (Safaricom Ethiopia)

632,681
Pochi tills (Safaricom Kenya)
↑ 116.2%
(2023: 292,634)

MANUFACTURED CAPITAL

17,000 km
Cumulative fibre-optic footprint
↑ 21.4%
(2023: 14,000 km)

371,989
Residential homes connected to fibre-optic network
↑ 34.9%
(2023: 275,657)

97.3%
Proportion of population with 4G coverage
↑ 0.3%
(2023: 97%)

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024

For our customers, we:

FY2024

Enhanced:

- 4G coverage to **97.3%**
- 3G coverage to **97.5%**
- 2G coverage to **97.6%**
- **803** active 5G sites

Enabled:

- **3.93 million** 4G+ devices (which covers both 4G and 5G) added to our network
- **3,500** transactions per second on M-PESA
- **28.33 billion** transactions via M-PESA, valued at **KShs 40.24 trillion**
- Volume of non-chargeable transactions **56.9%** & Value of non-chargeable transactions **43.5%**
- Network of **1.2 million** active businesses accepting payments on M-PESA
- **633,000** active LNM merchants
- **632,681** Pochi tills
- Enabled industry full interoperability for person to person across all the networks

Enhanced value through:

- Price reduction in voice and data rates
- A price reduction in outgoing rate-per-minute by **12.7%** and incoming rate-per-minute by **16.1%** YoY
- A decline in rate-per-MB by **4.6%** YoY
- Double permanent bandwidth to fibre customers
- **99.7%** systems-availability and **60%** incidents reduction on our network

Deployed:

- **17,000 km** of fibre-optic cable (**+21.4%** YoY)
- **560,261** homes passed (**+20.3%** YoY)
- **248,574** FTTH customers (**+27.0%** YoY)

Launched:

- M-PESA operations in Ethiopia

FY2023

- 4G coverage to **97%**
- 3G coverage to **97%**
- 2G coverage to **97%**
- **205** active 5G sites

- **2.63 million** 4G+ devices (which covers both 4G and 5G) added to our network
- **2,600** transactions per second on M-PESA
- **21.03 billion** transactions via M-PESA, valued at **KShs 35.86 trillion**
- Network of about **1.0 million** active businesses accepting payments on M-PESA
- **0.65 billion** free M-PESA wallet-to-bank and bank-to-wallet (C2B and B2C) transactions, valued at **KShs 5.78 trillion**, accounting for **16.1%** of the total value of M-PESA transactions
- 607k active LNM merchants
- **292,634** Pochi tills

- Reduced Fuliza charges by up to **50%**
- Reduced Bank to M-PESA charges by an average of **61%** and M-PESA to Bank charges by an average of **47%** post return to charging
- Reviewed Paybill prices reducing them by more than **50%**
- Price decline in voice and data
- Price decline in outgoing rate per minute by **11.5%** YoY and incoming rate per minute by **5.0%** YoY
- Decline in rate per MB by **31.2%** YoY
- Double permanent bandwidth to fibre customers
- **99.71%** systems availability and incidents reduction on our network

- **14,000 km** of fibre-optic cable
- **465,558** homes passed
- **195,741** FTTH customers

- Commercial operations in Ethiopia and finalised commercial and technical readiness to launch M-PESA operations within FY24

For our shareholders, we:

FY2024

Declared:

- **KShs 48.08 billion** in dividends
- **KShs 0.55** DPS interim dividend
- **KShs 0.65** DPS final dividend
- FY24 DPS **KShs 1.20**

Recorded:

- **537%** in total shareholder returns (TSR) since listing (TSR = {End-of-FY Price (IPO + Dividends} ÷ Purchase Price (IPO)
- **46.32%** of total NSE market capitalisation on the NSE

FY2023

- **KShs 48.08 billion** in dividends
- **KShs 0.58** DPS interim dividend
- **KShs 0.62** DPS final dividend
- FY23 DPS **KShs 1.20**

- **520%** in total shareholder returns (TSR) since listing (TSR = {End-of-FY Price (IPO + Dividends} ÷ Purchase Price (IPO)
- **44.4%** of total NSE market capitalisation on the NSE

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024 (continued)

For our employees, we:

FY2024

Recorded:

- That **79%** of our employees are extremely satisfied working at Safaricom
- That **89%** of our employees would recommend Safaricom as a great place to work
- That **75%** of our employees completed at least one future skills course in Safaricom Business School and instructor-led training in:
  - Agile
  - Cybersecurity
  - Data science
  - Analytics
- A M-F **51–49** gender split

FY2023

- That **84%** of our employees are happy working at Safaricom
- That **75%** of our employees are excited about the future of Safaricom
- That **90%** of our employees completed at least one future skills course in Safaricom Business School and instructor-led training in:
  - Agile
  - Cybersecurity
  - Data science
  - Analytics
- A M-F **51–49** gender split

For our society, we:

FY2024

Recorded:

- **9.5 million** SMEs and enterprises opting in on M-PESA
- **3.81 million** active users on M-TIBA solution for sending, saving and spending funds for medical treatment at: **5,580** clinics

Attained in digitisation and partnerships:

- **20,000** government workflows digitised and running on Safaricom infrastructure
- **KShs 49.5 million** in value disbursed to **21 million** customers under the Hustler Fund initiative
- **8.2 million** bags of fertiliser distributed to **5.9 million** farmers in **41** counties,via M-PESA fertiliser distribution, to a transacted value of KShs **23.6 billion**

Digitising Devolution:

- **11** Counties on my County App
  2 Counties on Integrated County Revenue Management System (ICRMS)

FY2023

- **3.2 million** SMEs and enterprises opting in on M-PESA
- **4.7 million** subscribers making use of our M-TIBA solution for sending, saving and spending funds for medical treatment at: **3,700** clinics

- **400** of **5,000** government workflows
- **KShs 24.44 billion** in value disbursed to **15.8 million** customers under the Hustler Fund initiative
- **2 million** bags of fertiliser distributed to **2.3 million** farmers in **28** counties via M-PESA fertiliser distribution, to a transacted value of **KShs 7.1 billion**

- **42** of **47** county governments

A Snapshot of Safaricom in FY2024 (continued)

How we continued to create value in FY2024 (continued)

Our Safaricom journey

1999

- Safaricom is licensed

2000

- Safaricom is officially launched in October
- Vodafone PLC (UK) buys 40% of Telkom Kenya
- Michael Joseph is appointed CEO

2001

- **26,000 subscribers**
- Entry of Kencell (Present day Airtel) into the Kenyan market

2002

- **KShs 9 billion in revenue**
- Converted into a public company with 60% owned by GoK
- KShs 100 scratch card is introduced

2003

- **54.0% customer market-share**
- Drive into mass market:
  - Launch of Simu ya Jamii (Swahili for communal phone) – users are able to make affordable calls at regulated rates charged per unit second
  - Launch of per-second billing – this counters competition per-minute billing rates by charging in seconds per unit

2004

- **54.0% customer market-share**
- 2 million subscribers milestone reached
- Telkom exclusivity with Safaricom ends
- Kencell sold to Vivendi then Celtel
- Mobile internet launched

2005

- **54.5% customer market-share**
- Launch of Sambaza allowing subscribers to share credit/airtime
- Launch of "Please Call Me", Safaricom's Flash Back service

2006

- **60.8% customer market-share**

2007

- **65.4% customer market-share**
- **6 million subscribers**
- Launch of M-PESA on 1 March
- First to market with 3G

2008

- **59.2% customer market-share**
- **10 million subscribers**
- **KShs 61 billion in revenue**
- Safaricom Initial Public Offering (IPO) with government selling 25% and diluted to 35% ownership
- Celtel branded to Zain
- Telkom partners with Orange
- Entry of Essar Telecoms, YU
- IMT pilot partnership with Vodafone and Western Union

2009

- **79.1% customer market-share**
- M-PESA interoperability with banks, WiMAX
- Off-island fibre, investment in SEACOM and TEAMS

2010

- **78.3% customer market-share**
- Bob Collymore appointed CEO
- Airtel buys Celtel branded as Zain
- The Communication Authority assigns additional frequency spectrum resources to Zain to enable it to offer 3G services
- Regulator implements MTR reduction to KShs 0.99, sparking a price-war

2011

- **68.2% customer market-share**
- **17 million subscribers**
- Mobile number portability introduced
- Price-war in the market

2012

- **65.3% customer market-share**
- **KShs 107 billion revenue**
- Safaricom partners with NCBA Bank (Formerly CBA Bank, prior to its merger with NIC Bank in Sept 2019) to launch the M-Shwari savings and loan product

2024

- **65.9% customer market-share**
- Safaricom joins UN Global Compact Forward Faster Initiative
- Safaricom Foundation Celebrates 20 years of Transforming Lives
- Safaricom PLC hosts second Investor Day in Addis Ababa, Ethiopia
- Kenya Sets up First Smartphone Assembly Plant in East Africa, East Africa Device Assembly Kenya (EADAK)
- Safaricom expands 5G coverage to 35 counties
- Launch of merchant overdraft product for businesses by Safaricom and KCB

2023

- **65.7% customer market-share**
- Launched M-PESA in Ethiopia
- 33.11 million active subscribers
- Merchant interoperability, Paybill/Buy Goods
- Launch of M-PESA GlobalPay Virtual Visa Card
- Commercial launch of operations in Ethiopia
- Commercial launch of 5G Services
- Launch of M-PESA Go for Teens (10–17 years)
- Launch of the Hustler Fund – Phase 1, in partnership with government
- First inaugural investor day held in Kenya
- Adil Khawaja appointed Chairman of the Board
- Solarised over 1,400 network sites resulting in energy savings of 22%
- Partnered with the government to roll out the Women Enterprise Fund (WEF) on M-PESA
- Launch of County App in Makueni and Kitui Counties

2022

- **65.3% customer market-share**
- M-PESA celebrates achieving 30 million monthly-active customers
- M-PESA celebrates 15 years of *Transforming Lives*
- Launch of M-PESA Consumer Super App and Business App
- Awarded Telecommunications licence in Ethiopia
- Launch of Halal Pesa, the first Sharia-compliant digital financing product, in partnership with Gulf Bank

2021

- **64.4% customer market-share**
- Peter Ndegwa takes over as CEO
- Michael Joseph is appointed Chairman of the Board
- Launch of new strategy and *Agile* organisation
- Launch of 5G trials
- Launch of device financing with Lipa Mdogo Mdogo

2020

- **64.8% customer market-share**
- Launch of "FOR YOU" customer promise
- Acquisition of M-PESA brand via joint venture with Vodacom
- Partnership with Visa

2019

- **62.4% customer market-share**
- **31.8 million subscribers**
- Launch of Nawe Kila Wakati (NKW) Always With You campaign
- Launch of Fuliza

2018

- **64.2% customer market-share**
- **29 million subscribers**
- Launch of e-commerce – Masoko
- Launch of DigiFarm
- Launch of M-PESA Global

2017

- **71.9% customer market-share**
- **28 million subscribers**
- **KShs 224 billion in revenue**
- Rebrand to Twaweza "When we come together, great things happen"
- Launch of Home Solutions and e-commerce

2016

- **65.6% customer market-share**
- Safaricom becomes the first company in Kenya to link its growth strategy to the 17 UN SDGs

2015

- **67.1% customer market-share**
- Regional structure – Inspired by Safaricom's desire to put the *Customer First* and provide Operational *Excellence* in line with our strategic pillars
- Safaricom relocates M-PESA servers from Germany to Kenya
- Launch of KCB M-PESA
- Launch of True Value Report
- Safaricom's contribution to Kenyan economy reaches 6% of GDP
- Orange and Airtel receive approval to test 4G
- Safaricom partners with GoK to launch Citizen, the online payment for GoK

2014

- **67.8% customer market-share**
- **21 million subscribers**
- Launch of 4G network
- Launch of National Security Surveillance
- Launch of Spark Venture Fund to help tech start-ups grow their businesses

2013

- **65.1% customer market-share**
- Launch of Lipa na M-PESA
- Launch of Kenya's first Sustainability Report

Events/milestones on the Safaricom journey are per calendar year.

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About Our Report

Our reporting scope and boundary

This Annual Report is the primary report of Safaricom PLC (the Company) and its subsidiaries (together, the Group) to its stakeholders, and is a concise, material and honest assessment, reviewed and authorised by our Board of Directors (the Board) of how we create long-term value and how we deliver on our purpose of Transforming Lives. The report provides an overview, in terms of the six capitals of our strategy and business model, risks and opportunities, operational and governance performance and activities for the financial year 1 April 2023 to 31 March 2024. Our intention in this report is to describe both our financial and non-financial activities and performance during the year.

In compiling the report, we have reflected the integrated thinking that we apply to our business activities, and we have endeavoured to demonstrate our commitment to the principles of integrated reporting as aligned with our ability to create value in the short, medium and long term, which we define as less than twelve months, one to five years, and beyond five years, respectively.

Materiality

We consider material matters to be those issues that could substantively affect our ability to create value over time, and as part of our commitment to understand and provide information on those material matters, we undertake a structured process involving senior decision-makers within the Group to identify and prioritise them.

This process includes a considered review of our business model and strategy, our operating environment, and the interests of our key stakeholders as expressed by them during our normal business engagements with them.

Through research and analysis, and our engagement with stakeholders, we strive to identify and gain insight into the environmental, social and governance issues that present significant risks, and or provide opportunities, to our business, and our ability to create and deliver value for our stakeholders.

In providing the basis for a broader understanding of the risks and opportunities inherent in our business, our process of determining the material matters that pertain to our activities is central in both guiding our decision-making and underpinning our strategy.

Our approach to the preparation of our Integrated Report

Integrated thinking is intrinsic to how we manage our business, our strategy development and reporting practices. Our strategy, with its four strategic pillars, has been developed to ensure that we manage the key resources and relationships that enable us to create value over time. Considered assessment of our four strategic pillars informs our strategy and the materiality process used to determine the content and structure of this report, whose drafts, concepts and structure have been systematically reviewed and supported by the ultimate assurance of independent assurance providers.

Our reporting frameworks

This report is prepared in accordance with the International Financial Reporting Standards (IFRS) Framework and the International Integrated Reporting Framework. Our reporting process is guided by the principles and requirements of IFRS, the Nairobi Securities Exchange (NSE) Listings Requirements and the Kenyan Companies Act, 2015 (the Act).

Forward-looking statements

This report contains certain forward-looking statements in respect of our strategy, performance and operations, and refers to certain global, regional and domestic political, social and or macro-economic conditions. By nature, these forward-looking statements involve risk and uncertainty as they relate to future events and circumstances which are difficult to predict, and therefore beyond our control. The conditions described could thus cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Assurance

Both our Board Audit, Risk and Compliance Committee and our Nominations and Remuneration Committee provide internal assurance to the Board on an annual basis on the execution of our strategic priorities. The Group's financial, operating, compliance and risk management controls are assessed by its internal audit function, which is overseen by the Board Audit, Risk and Compliance Committee. Our Annual Financial Statements are assured by our external auditors, Ernst & Young LLP.

Directors' Statement of Responsibility

The Board has a statutory duty to provide oversight in promoting the business success of the Group for the benefit of its stakeholders. In fulfilling this duty, the Board has due regard for the long-term implications and consequences of their decisions, as well as the legitimate interests of all the Group's stakeholders and the impact of our operations on the community and the environment. The Board acknowledges its overall responsibility for good corporate governance across the Group and ensures that the Group's governance policies and mechanisms are appropriate to its structure, business and risks.

As a fundamental principle of its commitment to full and transparent compliance with all laws, regulations and standards applicable to it, the Board ensures adherence to the standards and practices of good corporate governance, and to the principles, practices and recommendations set out under the Code of Corporate Governance for Issuers of Securities in Kenya (the Code) as well as the Act.

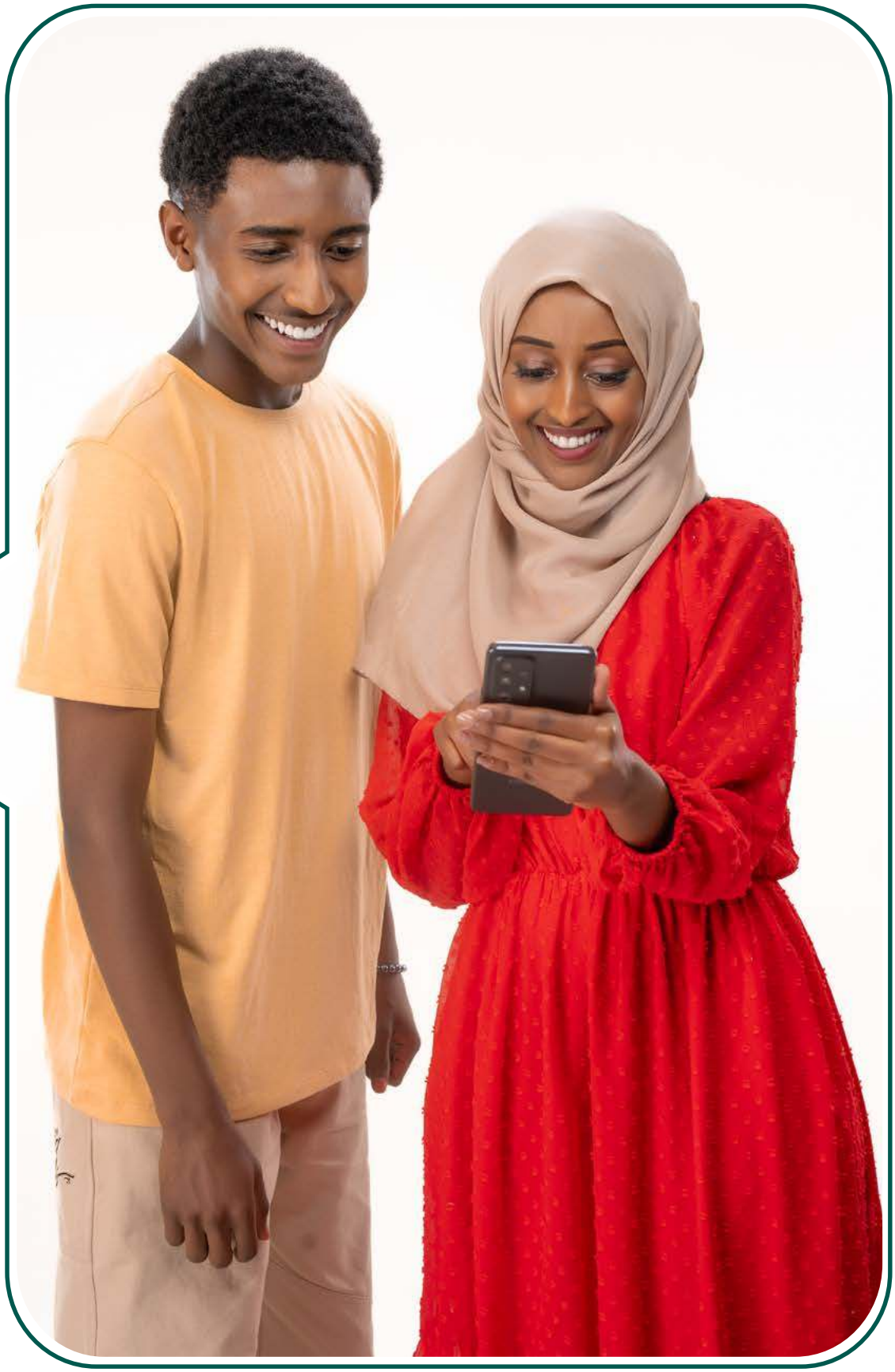
The Board has established internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards, and is supported by qualified legal and compliance professionals.

The Board has applied its collective mind to the contents of this report and believes that it fairly represents the Group's material matters and that it offers a balanced view of our strategy, business model, financial and non-financial activities and value-creation. On the recommendation of the Board Audit, Risk and Compliance Committee and the Nominations and Remuneration Committee, the Board approved the Safaricom PLC Consolidated Audited Financial Statements on 8 May 2024.

Signed on behalf of the Board

Adil Arshed Khawaja (MGH)
Chairman

Peter Ndegwa (CBS)
Chief Executive Officer



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Who We Are

Safaricom is one of a select group of about 400 companies across Africa whose annual revenues exceed USD1 billion. Many of these companies are pan-African in their operations and are active in increasingly diverse sectors. Safaricom Group operates in Kenya and Ethiopia via Safaricom Telecommunications Ethiopia Limited, being our latest expansion since July 2021.

We invest in a unique way of doing business through our purpose of Transforming Lives and seek to create opportunities for Kenyans and Ethiopians to be a part of our ongoing story of progress, by empowering them with the right tools for their own economic growth. The Group has 49 million customers on our network and over 33 million people use our M-PESA service. We also have over 6,500 towers connecting Kenyans across the country and 2,806 active 2G/3G/4G base stations in Ethiopia.

Care, education and dignity

Through our M-PESA and Safaricom Foundations, we work to enable Kenyans access to quality healthcare, education, skills and sustainable employment, by providing resources, opportunity, hope and dignity to communities.

In 2006, we signed up to the UN Global Compact (UNGC) and in 2012 we began reporting on our approach to sustainability and progress. In 2016, we brought our approach into alignment with the aims of United Nations Sustainable Development Goals (UNSDGs) to help translate our sustainability ideals into meaningful and concrete plans. These range from overarching objectives to simple daily activities that could be put into practice throughout the organisation.
In 2018, we were awarded UN Global Compact LEAD Company status in recognition of our commitment to the 10 principles of the UNGC. LEAD companies are identified annually for high levels of engagement as a participant in the United Nations Global Compact.

Participation in the UN Global Compact at the LEAD-eligible level provides a unique opportunity to be recognised for commitment, and to take a leading role in the quest for a new era of sustainability by bringing committed companies together with relevant experts and stakeholders in action platforms.

Our current strategy builds on our strong history of results and partnerships and aims to contribute towards the UNSDGs, nine of which we have adopted to help guide us into our next phase of growth.

We subscribe to the belief that the UNSDGs represent humanity's shared vision of the actions that need to be taken to create growth for the benefit of everyone, and thereby form a social contract between the world's leaders and its people.

In accordance with this belief, and with the commitment it requires, we became the first Kenyan company to integrate sustainability within the core of our every business decision. We use the UNSDGs to transform and boost the success of our business and enhance our purpose of Transforming Lives.

For more on our strategy see page 43.

Our vision – where we see ourselves going

We are a purpose-led technology company that uses innovation to drive social and socio-economic empowerment in society.

Our mission – what we aim to accomplish

To Scale Tech Solutions in order to be a Purpose-Led Technology Company by the end of 2025.

Our culture – how we conduct our journey

Purpose-driven, customer-obsessed, innovative and collaborative.

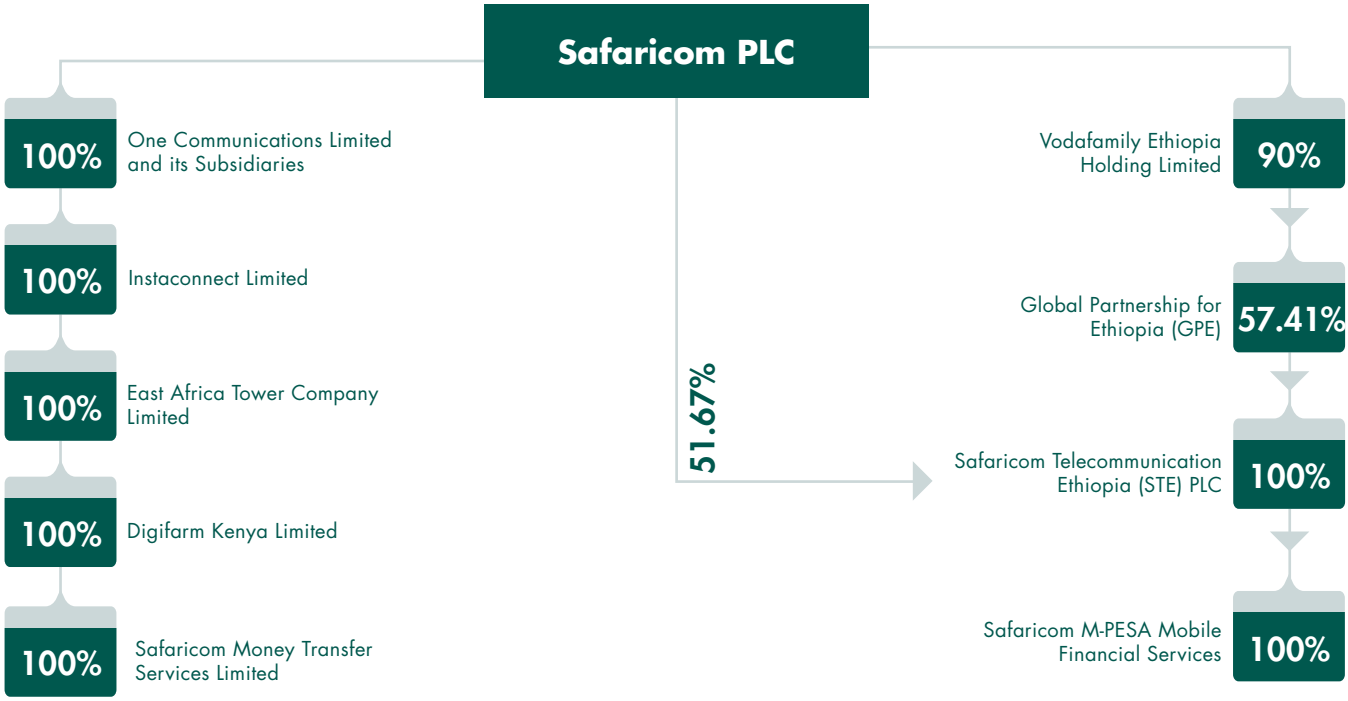
Our values – the principles which govern our conduct

- Simple – in the way we reach out to you
- Transparent – in what we deliver to you
- Honest – in what we say to you

Our brand promise is founded on these values:
Simple. Transparent. Honest. FOR YOU

This promise expresses our commitment to inspire trust and belief in our customers. It is indicative of who we are, and what differentiates us from our competitors. It embodies what our customers can expect to experience when engaging with us, and it is built on authenticity across all the facets of our brand.

Our Group structure



Note: IFC joined the consortium during the year which diluted the shareholding of the other 4 consortium members.

Our capitals

Financial Capital
The pool of funds and assets that we maintain.

Human Capital
Our employees, and all the competencies, abilities experience and expertise that they bring to the Group.

Intellectual Capital
The policies, procedures, intellectual property (IP), knowledge that exists and is cultivated in our organisation, including our vision, mission, purpose, reputation, and the value of our brand.

Social And Relationship Capital
The partnerships and relationships that we build and maintain with all our stakeholders, including our employees, providers and suppliers, and our communities.

Manufactured Capital
Our buildings, properties, fibre-optic and cable networks, towers and other infrastructure, and vehicles that support our operations.

Natural Capital
The beneficial projects that help to sustain the environment in which we operate.

Who We Are (continued)

Our guiding SDG framework for the Kenyan Business

We commit ourselves to deliver connectivity and innovative products and services (SDG9) that will provide unmatched solutions to meet the needs of Kenyans, by enabling access (SDG10) through our technologies and partners (SDG17), and by exploring opportunities in health (SDG3), education (SDG4) and energy (SDG7). We will do so by managing our operations responsibly (SDG12) and ethically (SDG16). This will stimulate growth and generate value (SDG8) for our company, society and economy.

Through M-PESA, we are able to help restore dignity to thousands of refugees. Through a partnership with the World Food Programme, we are leveraging M-PESA to help more refugees access food, through a product known as Bamba chakula. M-PESA has enabled us to digitise food delivery to over 110,000 households.

For more on our contribution to society and communities, and on M-PESA, see pages 120 and 95 respectively.

Partnerships

Through our partnerships with various groups, we deliver more than just voice or data to communities across Kenya by leveraging our respective strengths to deliver healthcare solutions to Kenyans through various health care providers. We are in partnership with the government, in addition to farmers. We have partnered to streamline payments to: Health care workers (Global Fund), Social protection payments to the Elderly, Orphaned and vulnerable children, flood victims and HELB sponsored students.

For more on our partnerships see page 119.

Relevant solutions

Our goal as a business is to continue to deliver a wide range of products and services designed to present sustainable solutions to some of society's most pressing challenges by establishing ourselves as a digital-first and insights-led organisation. To this end, we provide a wide range of connectivity and financial services including voice, mobile data, devices, fixed services, IoT and M-PESA.

A network for the future

Since the activation of our 5G service in March 2021, and its subsequent launch in October 2022, we have greatly expanded network access, with 803 5G sites across 43 out of the 47 Kenyan counties, as at the end of March 2024. Our aim is to continue increasing the empowerment of our customers with super-fast internet at work, at home and on the move, by supplementing our growing fibre network. Our 4G coverage now stands at 97.3% across Kenya, with 6,528 4G stations.

Our awards and accolades – FY2024

We are proud that during the year under review, we received a number of awards and accolades from external stakeholders.

Diversity & Inclusion

2023 Safaricom Women in technology Award by Institute of Electronic Engineers (IEEE)

Most Inclusive Listed Company in Kenya 2024 by Diversity, Inclusion Awards and Recognition (DIAR)

Sustainability Awards

Environment sustainability award by the United Nations Environment Programme (UNEP) and Kenya Private Sector Alliance (KEPSA)

Loan Currency, Loan Deal of the Year; by Bonds, Loans & ESG Capital Markets Africa Awards

Best ICT Adoption in Supply Chain by Kenya Institute of Supplies Management (KISM) SPURS

Brand

4th Edition of the Consumer Market Study of the Top 100 Most Loved Brands by Women in Kenya, 2024

- M-PESA; No. 1
- Safaricom PLC; No. 2

Payment Card Industry Data Security Standard (PCI DSS) Certification

Financial Reporting

FiRe Awards – ICPAK Various awards on Integrated Reporting, Environmental & Social Reporting & Governance

Top Employer

- 3rd Best Employer in Africa Ranking by Forbes
- Top Employer Certification 2024 – Kenya & Africa by the Top Employers Institute (TEI)

Our services and solutions*

We provide an extensive offering of financial, technological and innovative services and products catering to the needs of all our society's key business and consumer sectors.

Our financial services include

- **M-PESA** – A mobile phone-based money transfer service, payments and a micro-financing service platform launched in 2007
- **M-PESA Go** – designed for children aged between 10 and 17, allowing them to use M-PESA services, with guardians and parents retaining the ability to guide their financial journey
- **M-PESA Interoperability** – A joint project between Safaricom, Airtel and Telkom that allows all customers to pay for goods and services at any merchant outlet regardless of the network on which they operate
- **M-PESA Global Pay Virtual Visa Card** – providing a fast, efficient and easy app that allows users to transact worldwide, facilitating payments on international online merchants such as Netflix and Amazon, using card details
- **Lipa Na M-PESA** – Enables merchants to transact using a till number to collect payments from customers
- **Fuliza** – An overdraft facility that enables customers to access an unsecured line of credit by overdrawing on M-PESA to cover short-term cash-flow shortfalls subject to applicable predetermined limits
- **KCB M-PESA** – A savings and loan service that enables M-PESA customers to save as little as KShs1, and access credit from KShs1,000
- **M-Kesho** – A bank account product launched to enable Safaricom's mobile money clients to access their Equity bank accounts directly
- **M-KOPA** – provides solar home systems that innovatively integrate machine-to-machine technology (M2M) with a micro-payment solution
- **M-TIBA** – 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
- **M-Shwari** – a micro-lending/savings product
- **Soma Na Shupavu 291** – An SMS- and USSD-based education platform that enables students to study without an internet connection
- **M-Salama** – A USSD and SMS platform that sends early warning information
- **Pochi La Biashara** – Allows M-PESA to register informal business owners such as food vendors, kiosk owners, boda-boda operators and second-hand clothes dealers, to receive and separate business funds from personal funds on their M-PESA number

Our customer-centric apps

- **M-PESA Consumer App** – An app that delivers the suite of M-PESA solutions, redesigning the M-PESA customer experience journey to reduce call-centre demand and simplify multiple payments
- **M-PESA Consumer App Mini-Apps** – A mini-apps programme, available via the M-PESA App, it is a key component of our ecosystem, effectively enabling us to function as a play store
- **M-PESA Business App** – An app that allows merchants and businesses to better visualise their payment collections and spend, see full statements, and transact directly from their M-PESA Business Till App

Our innovative enterprise solutions

- **Kifaru Net** – A fast, secure fibre internet connection with 24/7 firewall protection that, in addition to easy website management for employees, reduces the cost of owning, managing and maintaining a physical firewall in-office device
- **Cloud Services** – A computing service whereby software, hardware and information are provided to business as a metered service over the internet
- **Scaling Cloud & Security in Large Enterprises** –
  - Full stack cyber security including security operations center (SOC)
  - Integrated offerings; Hosted contact centers, professional services, unified communications & professional services
- **Accelerated IoT Solutions** – Smart Water project and Fleet management telematics solutions
- **Fibre to the Business (FTTB)** – Fast and affordable internet service for small and medium sized businesses that are located in buildings that have Safaricom internet fibre

Our home value propositions

- Fibre-to-the-Home (FTTH) with add-ons like secure-net, smart TV box, home CCTV and home insurance
- Seamless and fast WIFI internet via 4G and 5G Wireless Connection.

***For more details on these, and the partners with whom we collaborate to deliver and meet our customers' requirements, please visit our website at: www.safaricom.co.ke**

Our strategic focus*

Our strategy is founded on four strategic pillars

- **Our strategic focus for FY24**
  To scale technology solutions in order to be a purpose-led technology company by 2025
- **Our strategic focus for FY25–FY2030**
  To become Africa's leading purpose-led technology company

Invested in our society

As a responsible corporate citizen, we consider the broader needs of the society in which we operate, as we pursue our mission to scale technology solutions in order to be a purpose-led technology company by 2025.

***For more on our strategy, see page 43.**

Who We Are (continued)

Our stakeholders

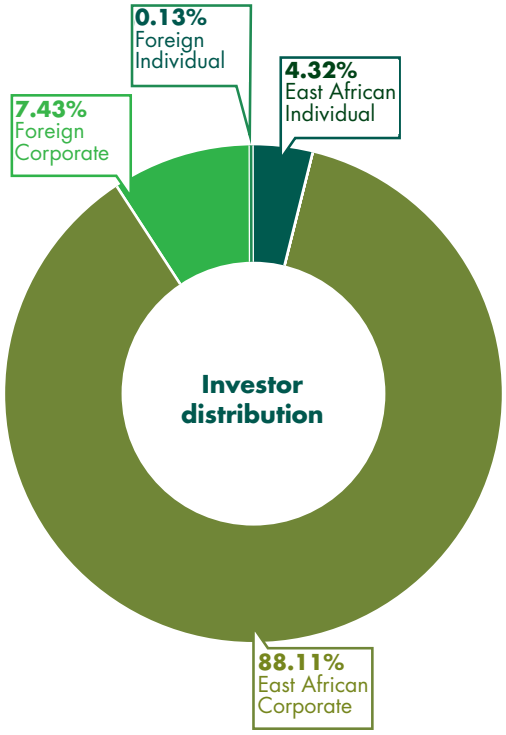
GR	Governments and regulators	S	Our suppliers
Cu	Our customers	SC	Society and communities
IS	Investors and shareholders	BP	Business partners
E	Our employees	M	Media

For more on stakeholder engagement, see page 64.

Our principal shareholders

For a list of the 10 largest shareholders in the Company (ordinary shares only) and the respective number of shares held as at 31 March 2024 please see Appendix on page 270.

Foreign and East African shareholder split



Who We Are (continued)

The Spirit of Safaricom

The Spirit of Safaricom forms an important part of our human, intellectual, social and relationship capitals. It is the foundation of our culture, guides our beliefs, behaviours and language, and comprises four key pillars – purpose, customer obsession, collaboration and innovation.

OUR CULTURE

PURPOSE	
Belief	We transform lives
Behaviour	We are purpose driven
Language	I am Safaricom

CUSTOMER OBSESSION	
Belief	We are simple, transparent, honest
Behaviour	Ready,Willing, Able (RWA)
Language	I am notoriously customer obsessed

INNOVATION	
Belief	We are a market shaper
Behaviour	We experiment and learn fast
Language	Go Beyond (Twende Tukiuke)

COLLABORATION	
Belief	We are partners in one ecosystem
Behaviour	We get it done, together
Language	I own my inch and the collective

During the year under review, we continued to enable and empower staff to adopt and foster the change and culture that will support us in our purpose of transforming lives. This involves:

Key element	Our enabling beliefs
Purpose	• Empowering others with the resources and autonomy to win • Emphasise efficiency, production and value • Providing clarity and consensus on purpose and mission • Removing impediments to achieving missions
Customer Obsession	• Putting the customer at the centre • Using insights concerning the external environment to act on opportunities • Putting the customer first, so that value will follow • Promoting ownership and developing simple, clear, customer-centric solutions
Innovation	• Experimenting and learning quickly • Playing to win by doing what is right • Creating a safe space to speak up • Driving innovation and creativity
Collaboration	• Recognising everyone's contribution • Empowerment in being honest, transparent and candid • Undertaking blameless post-mortems for the sharing of learnings and information • Working together towards the same goal

Where we measured our success in FY2024

96% | Response rate
97% | Purpose – Transforming Lives
96% | eNPS (Employee Net Promoter Score)
86% | Experiment and Learn Fast (Innovation)
81% | Agility Index
70% | Leadership Index

Customer obsession

As in integral and integrating philosophy, customer obsession is not only one of the four pillars of our Spirit of Safaricom culture, but is a key part of our social and relationship capitals. It is central to the way we do business, in that it drives our quest to meet the needs of our customers in digitally, relevantly and affordably promoting the identity of the brand as one that provides a superior product and service experience, while internally underpinning our strategic imperative of new growth areas.

Customer obsession thus stands at the core of our business, and we work to embed it among all our employees, to better deliver our brand promise of *Simple, Transparent, Honest*. We do this in terms of a framework centred on:

Our Agile Operating Model

Measured against the Agile Pulse Survey and the quarterly Agile Maturity Platform

- **49% (2,721 full-time equivalent (FTE))** of our employees have adopted Agile across 25 tribes, 11 CoEs and 83 squads, including:
  - 752 in Commercial*
  - 1,557 in Technology*
  - 412 Corporate functions

Future-ready talent

Including:
- Succession cover for critical roles
- Women in leadership roles
- Pay equity and competitiveness
- Persons with disability (PWDs)

- **90%** of all actions for top talent new/stretched roles completed
- **Quarterly** extended leadership forums
- **19** New hires and women-in-leadership promotions
- **Launch** of Safaricom Connected Women
- **42%** Women in leadership roles
- **Employee Value Proposition (EVP) Framework** completed
- **261** Digital Academy graduates
- **99%** Gender pay equity
- **99%** Internal pay competitiveness
- **16** PWDs taken on as Customer Experience Executives
- **30** PWDs onboarded

Culture

90% Employee engagement, including through submissions for:
- Vodacom CEO's Awards
- Spirit of Safaricom Awards
- Vodacom Customer Excellence Awards

- **100%** SEMA cascades completed across all divisions
- **Launch** of harassment advisors to embed psychological safety and bully-free environment

***For more on these areas of our business, see pages see pages 76 and 78 respectively.**

Our customer obsession strategy

Our customer obsession strategic journey has comprised three phases:
- FY2022: Phase 1 – to *establish the foundations* for ensuring that we are a customer-obsessed organisation
- FY2023: Phase 2 – to *embed and anchor* customer obsession
- FY2024: Phase 3 – to *entrench* customer obsession as a way of working

Accordingly, our strategic focus during the year was on examining our processes, the ways in which we operate, and our structure to ensure that they fully facilitate putting the customer first, and that there are governance structures in place to underpin the approach, and drive ownership.

To aid us in measuring our progress, we employ key performance indicators (KPIs) that are aligned with, and support, the company's business strategy.

KPI	Indicator
Net Promoter Score (NPS)	#1 Benchmark, ¡NPS (40pts baseline)
Brand love	+3pts, Consumer 63%
Detractors	<6%
Customer Obsession Score	87%
M-PESA downtime	<4 hours
Fraud prevented	91%
System uptime/availability	99.95%

Who We Are (continued)

Customer obsession (continued)

Our consumer business

Customer obsession in our consumer business* during the year under review, was predicated on:

- Enhancing value through:
  - Integrated propositions for connectivity and content
  - Enhanced experiences through dignified journeys via apps and 5G
  - 30.3% growth in all-in-one plans following the Go Monthly promotion
  - Offers on integrated for as low as KShs 20 under Shine Kenya Bundles
  - Delivered simple DIY post-pay journey
  - Use of Machine Learning to deliver personalised offers
  - Launched Innovative Cluster Based CVM Platform that delivers differentiated value at a site level
- Leveraging on:
  - Accelerated 4G device penetration through our device financing programme
  - Strategic partnerships to drive relevance, including with Google, Meta, TikTok and ShowMax
  - Our vast network of customer experience touchpoints
- Demonstrating value by:
  - Protecting the base with relevant voice offers
  - Innovation via digital gamification to drive acquisitions
  - Providing integrated propositions to accelerate growth.
- Accelerated 4G+ Devices
  - 17.5 million 4G+ devices on the network
  - Open market support with mobile data bundles
  - Over 1.3 million customers supported with a device under Lipa Mdogo Mdogo
  - Launched new Neon Smarta and Neon Ultra to enable 4G affordability
- Consumer segmentation driving personalisation and relevance
  - 4.5 million youth on Safaricom hook platform accessing propositions
  - Over 50% of base using Tunukiwa personalised offers, Okoa (call completion), reverse call, Bonga points (loyalty programme) innovations
  - Over 1,000 customers engaged in networking event on financial wellness

The challenges we faced in FY2024*

Challenge	How we responded
Macro-economic issues as reflected in the consumer pricing index (CPI)	Introduction of value offerings through: • Cutting pricing by up to 50% • Review of data pricing • Device financing • Increased organisational productivity, ensuring agile adoption
Regulatory risk pertaining to requirements of: • Communication Authority (CA) • Central Bank of Kenya (CBK) • Data Protection Commissioner	• Know your customer (KYC) adherence • Leverage M-PESA agent network to assist with SIM swap • Monitoring security and fraud
Maintain our market share of 67%	• Promote our attractive proposition, including SIM, network and product and service innovation • Provide increased app availability for a one-stop-shop experience • Integrated propositions • Introduce a value proposition for the youth market • Training in service culture • Governance and accountability that monitors delivery and addresses customer needs • Net Promotor Score (NPS) surveys • Leverage customer insight through data analysis and audits • Rollout of 155 additional sites • Roll out franchises through channel and distribution teams • Continued investment in systems

***For more on our operating environment, material matters and risk management, see pages 84, 44 and 50 respectively.**

How we measured our performance

We maintain a large quality assurance team to ensure delivery against defined KPIs. During the year under review, we assessed our performance with respect to the following criteria:

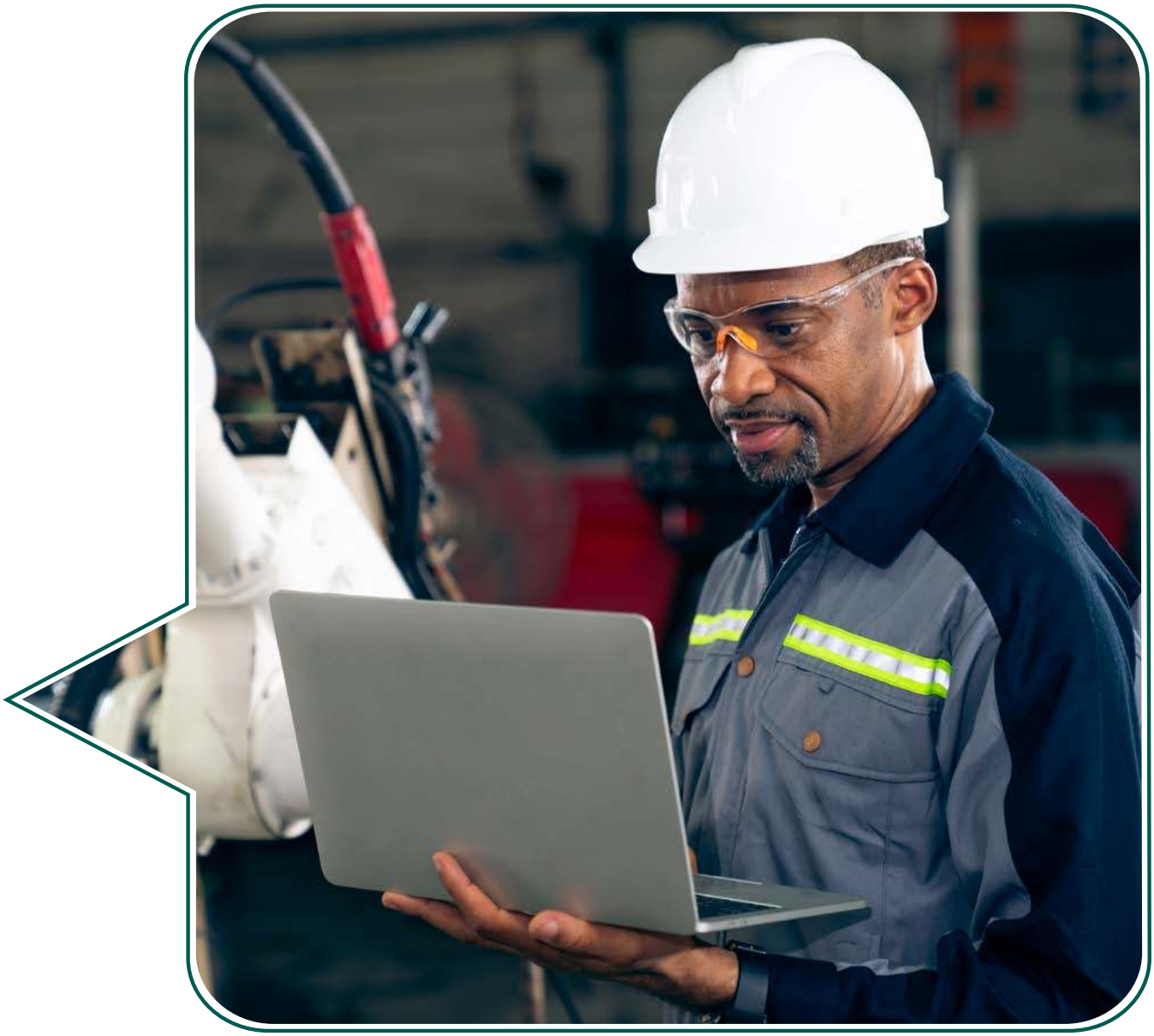
Looking ahead

In the short-, medium- and long-term, we will continue to promote our customer-first culture. To this end we have completed a six-year strategy to guide us to the year 2030.

In the short term we will focus on fixing the basics in order to meet customer expectations. The aim will be to become the customer experience leader in Africa by leveraging on artificial intelligence (AI) to enable effective delivery of the customer journeys we envisage. This will include, from an internal perspective, the building of a customer experience governance framework.

We also continue to evolve our agency network into franchise outlets, and repurposing the dealer ecosystem by ensuring digitisation.

In the medium- to long-term we will endeavour to establish a customer experience academy to build capabilities across the Company and provide certification. We will also seek to gamify the journeys and experiences we offer to ensure that they are immersive with both augmented reality (AR) and virtual reality (VR).



Message from the Chairman

Message from the Chairman

It has been a year in which a dynamic operating environment has posed several challenges for both Safaricom and its customers. The year under review was characterised by a tough operating environment both for Safaricom and our customers. However, I am encouraged by the resilience demonstrated to deliver a very strong set of financial results. This success is attributable to strong strategy execution which has seen us through the difficulties of pandemic, drought and global uncertainty, and has once again guided our decisions to deliver for our shareholders while giving more value to our customers.

I am proud that on behalf of the Board I can express satisfaction that we have been able to perform extraordinarily well and deliver the positive returns for our shareholders.

It has also been a transformative year for the Company. We not only continued our expansion into Ethiopia, but we also laid out a new strategy to take us through to 2030, to realise our vision of becoming Africa's leading technology company. The Board reaffirms its commitment to providing strategic advice and support to management as they execute the company's strategy by remaining faithful to our purpose of Transforming Lives.

Indeed, our expanding presence in Ethiopia marks a significant milestone in our overall growth trajectory. We are encouraged by the resilience that the business has shown since we switched on our network. Moreso we are happy to see the Ethiopia business attaining significant milestones such as M-PESA growth, rapid network deployment, and high data usage by customers amongst others. We are committed to building sustainable partnerships and contributing to Ethiopia's digital transformation.

For more on our Ethiopian operations, see page 114.

Our changing operating environment

Against the backdrop of a rapidly evolving regulatory landscape, which included changes in taxation and mobile termination rates (MTR) in Kenya, we fully embraced the growing needs of our various stakeholders across both Kenya and Ethiopia. It is pleasing to see our contribution to social and economic development in both countries so meaningfully continuing.

For more on the environment in which we operate, see page 84.

Transforming lives

Like all members of the Board, I am extremely proud of Safaricom's purpose of transforming lives. It is gratifying to note that the organisation has continued to be actively involved in supporting the communities among which we operate. This was exemplified during the year by the support we have offered to those people who have been affected by the recent floods.

I would also like to acknowledge the good work that both the M-PESA and Safaricom Foundations have done in Kenya during the year under review. I look forward to seeing Board members continuing to participate and join staff in activities that assist our communities.

For more on our corporate social investment, see page 120.

Dividend

It gives me great pleasure to report that the Board has proposed a final dividend of KShs 0.65 per ordinary share – amounting to KShs 24.84 billion – to be approved at the Annual General Meeting (AGM). This is in addition to the interim dividend of KShs 0.55 per ordinary share that was already declared and paid during the year.

For more on our financial performance, see page 83, and the Annual Financial Statements section of this report from page 159.

Engaging with our stakeholders

I would like to emphasise the immense significance we place on the relationships that we have with our various stakeholders. We understand the added value that collaboration with committed and able partners brings.

That is why, as a Board, we continued during the year, to engage with all our stakeholders. We unwavering in ensuring that our strategy, vision, and purpose reflect and meet the needs and expectations of the individuals, communities and other stakeholders who are impacted by what we do as a business.

During the year under review, we also maintained our programme of constructive engagements with policymakers. In that regard, we remain committed to collaborating with government, regulatory bodies, and all our stakeholders to drive positive change and promote sustainable growth.

I would therefore like to express the Board's sincere gratitude to both the Kenyan and Ethiopian governments for their steadfast support. There is no doubt that the alignment of our strategy with the national visions of the two countries was a crucial ingredient in our impressive results this year.

The Board appreciates the commitment of the governments of both Kenya and Ethiopia, to creating an environment that fosters growth and innovation in the telecommunications sector. Indeed, the support extended by both governments has played a pivotal role in enabling Safaricom to carry out its role in society effectively and efficiently.

For more on our engagements with our stakeholders, see page 64.

The effectiveness of the Board

I would like to extend my appreciation to my fellow Board members for their continued strategic guidance. Their insights and effective and knowledgeable leadership have been instrumental in steering Safaricom.

For more on our governance, see page 129.

Looking ahead

In the short, medium and long term, I anticipate that Safaricom will continue to go from strength to strength, as we implement and realise our strategic vision, and bring cutting edge technology to the lives of the people and communities we serve. We will continue to bolster the economies in which our endeavours play an increasingly important societal and financial role.

Safaricom's journey over the past financial year reflects resilience, innovation, and a deep commitment to our purpose. I am certain that as we expand our footprint into Ethiopia and continue to lead in Kenya, we will drive positive change and create value for our company, customers, and the communities among whom we operate.

It is my sincere conviction that we will continue to nurture a harmonised business environment by working together with all our stakeholders to ensure our sustained success.

Acknowledgements

On behalf of the Board, in addition to our sincere appreciation of the support of the governments, regulators and indeed all our stakeholders, I would also like to commend our management team and all the people who work at Safaricom for their exceptional dedication diligence, commitment and loyalty. It is their very capable hard work which has translated into the impressive numbers we are reporting.

Adil Arshed Khawaja (MGH)
Chairman

Ujumbe kutoka kwa Mwenyekiti

Umekuwa ni mwaka ambao mazingira ya uendeshaji shughuli yalikuwa na changamoto kadhaa kwa Safaricom na wateja. Mwaka tunaouangazia ulikuwa wa mazingira magumu kwa Safaricom na wateja wetu. Hata hivyo, nimetiwa moyo na ukakamavu uliodhihirishwa na kufanikisha matokeo mazuri sana ya kifedha. Mafanikio haya ni kutokana na utekelezaji imara wa mkakati jambo ambalo limetusaidia kupitia changamoto za janga la ugonjwa, ukame na misukosuko duniani, na kwa mara nyingine limetuongoza katika maamuzi yetu kuridhisha wenyehisa wetu huku tukitoa thamani zaidi kwa wateja wetu.

Ninajivunia kwamba, kwa niaba ya Bodi, ninaweza kueleza kuridhishwa kwangu kwamba tumeweza kupata matokeo mazuri sana na kuzalisha faida kwa wenyehisa wetu.

Umekuwa pia ni mwaka wa mabadiliko kwa Kampuni. Tuliendelea upanuzi wetu Ethiopia, lakini pia tukawa tunatekeleza mkakati wetu mpya wa kuelekea 2030, ili kutimiza ruwaza yetu ya kuwa kampuni ya kiteknolojia inayoongoza Afrika. Bodi inakariri kujitolea kwake kutoa ushauri wa kimkakati na kusaidia wasimamizi wa kampuni wanapotekeleza mkakati wa kampuni na kutimiza lengo letu la Kubadilisha Maisha.

Kwa kweli, upanuzi wa shughuli zetu Ethiopia ni hatua muhimu sana katika mkondo wetu wa ukuaji wa jumla. Tumetiwa moyo na ukakamavu ambao biashara yetu imeuonyesha tangu tulipoufungulia mtandao wetu humo. Muhimu zaidi, tunafurahia kuona biashara yetu Ethiopia ikipiga hatua kuu kama vile ukuaji wa M-PESA, usambazaji wa mtandao wetu, na matumizi makubwa ya data na wateja wetu, miongoni mwa mengine. Tumejitolea kujenga ushirikiano endelevu na kuchangia katika mabadiliko ya kidijitali nchini Ethiopia.

Kwa maelezo zaidi kuhusu shughuli zetu Ethiopia, tazama ukurasa 114.

Mabadiliko katika mazingira tunayohudumu

Mazingira ya kisheria na usimamizi yamekuwa yakibadilika kwa haraka, ambapo miongoni mwa mengine kulikuwepo na mabadiliko katika kodi na ada ya kupiga simu kutoka mtandao mmoja hadi mwingine (MTR) nchini Kenya. Lakini tuliendelea kukumbatia mahitaji yanayobadilika ya wadau wetu mbalimbali nchini Kenya na Ethiopia. Inaridhisha kuona mchango wetu katika ustawi wa kijamii na kiuchumi katika mataifa hayo mawili ukiendelea na kuwa wa manufaa.

Kwa maelezo zaidi kuhusu mazingira ambayo tunayudumu, tazama ukurasa 84.

Kubadilisha maisha

Kama wanachama wengine wote wa Bodi, ninajivunia sana lengo la Safaricom la kubadilisha maisha. Inaridhisha kwamba kampuni yetu imeendelea kushiriki moja kwa moja katika kusaidia jamii maeneo tunayohudumu. Hili lilionekana wazi katika mwaka huo kupitia usaidizi ambao tuliutoa kwa watu walioathirika na mafuriko ya hivi majuzi.

Ningependa pia kutambua kazi nzuri ambayo imefanywa na Wakfu wa M-PESA na Wakfu wa Safaricom nchini Kenya katika mwaka tunaouangazia. Nasubiri kuona wanachama wa Bodi wakiendelea kushiriki na kujiunga na wafanyakazi katika shughuli za kusaidia jamii.

Kwa maelezo zaidi kuhusu uwekezaji wetu kwenye jamii, tazama ukurasa 120.

Mgawo wa faida

Ni furaha yangu kuu kuripoti kwamba Bodi imependekeza mgawo wa faida wa mwisho wa KShs 0.65 kwa kila hisa ya kawaida – ambazo ni jumla ya KShs 24.84 bilioni – ili kuidhinishwa katika Mkutano Mkuu wa Kila Mwaka (AGM). Hii ni juu ya mgawo wa faida wa muda wa KShs 0.55 kwa kila hisa ya kawaida ambao ulitangazwa na kulipwa katika mwaka huo.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha, tazama ukurasa 83, na sehemu ya Taarifa za Kifedha za Mwaka katika ripoti hii kuanzia ukurasa 159.

Kuwashirikisha wadau

Ningependa kusisitiza umuhimu mkubwa ambao tunauweka kwenye uhusiano ambao tunao na wadau mbalimbali. Tunafahamu thamani ya ziada ambayo huletwa na washirika waliojitolea na wenye uwezo.

Hii ndiyo sababu, kama Bodi, katika mwaka huo tuliendelea, kuwashirikisha wadau wetu wote. Tuko imara katika kuhakikisha kwamba mkakati wetu, ruwaza, na lengo kuu vinaonyesha na kutimiza mahitaji na matarajio ya watu binafsi, jamii na wadau ambao huguswa au kuathiriwa na shughuli tunazozifanya kama biashara.

Katika mwaka tunaouangazia, tulidumisha pia mpango wetu wa kuwa na mashauriano mwafaka na watunzi wa sera. Kuhusu hili, bado tumejitolea kushirikiana na serikali, mamlaka zinazosimamia sekta yetu, na wadau wote ili kufanikisha mabadiliko ya manufaa na kuwezesha ukuaji endelevu.

Kwa hivyo, ningependa kutoa shukrani za dhati za Bodi, kwa serikali za Kenya na Ethiopia kwa uungaji mkono wao muhimu. Hakuna shaka kwamba kulainishwa kwa mkakati wetu na ruwaza za mataifa hayo mawili kulikuwa kiungo muhimu katika matokeo yetu ya kuridhisha ya mwaka huu.

Bodi inatambua kujitolea kwa serikali za Kenya na Ethiopia, katika kuunda mazingira mahsusi ya kuchochea ukuaji na uvumbuzi katika sekta ya mawasiliano. Kwa kweli, usaidizi ambao umetolewa na serikali zote mbili umeiwezesha Safaricom kutekeleza mchango wake katika jamii kwa urahisi na kwa njia bora zaidi.

Kwa maelezo zaidi kuhusu mashauriano na uhusiano wetu na wadau, tazama ukurasa 64.

Ufanisi wa Bodi

Ningependa kutoa shukrani kwa wanachama wenzangu katika Bodi kwa uongozi wao mwema. Ujuzi wao na uongozi wao bora na wa busara vimekuwa muhimu sana katika kuiongoza Safaricom.

Kwa maelezo zaidi kuhusu utawala katika kampuni yetu, tazama ukurasa 129.

Kutazama Mbele

Katika kipindi kifupi, cha wastani na kirefu, ninatarajia kwamba Safaricom itaendelea kukua na kuimarika zaidi, tunapotekeleza na kutimiza ruwaza yetu ya kimkakati, na kufikisha teknolojia za kisasa kwa watu na jamii tunazozihudumia. Tutaendelea kusaidia uchumi katika mataifa tunayohudumu ambapo huwa tunatekeleza mchango muhimu wa kijamii na kifedha.
Safari ya Safaricom katika mwaka wa kifedha uliopita ni ishara ya uthabiti, uvumbuzi na kujitolea kutimiza lengo letu. Nina uhakika kwamba tunapopanua shughuli zetu Ethiopia na kuendelea kuongoza Kenya, tutaongoza mabadiliko ya manufaa na kuendelea kuunda thamani kwa ajili ya kampuni, wateja na jamii maeneo ambayo tunahudumu.

Ni imani yangu kwamba tutaendelea kuchochea mazingira mazuri ya kibiashara kwa kufanya kazi kwa pamoja na wadau wetu kuhakikisha ukuaji endelevu.

Shukrani

Kwa niaba ya Bodi, kando na shukrani zetu za dhati kwa serikali, wasimamizi wa sekta na bila shaka wadau wote kwa uungaji mkono wao kwetu, ningependa pia kushukuru kundi letu la wasimamizi na watu wote wanaofanya kazi katika Safaricom kwa bidii na kujitolea kwao pamoja na uaminifu wao. Ni bidii yao ambayo imetuwezesha kuandikisha matokeo haya mazuri ambayo tunayaripoti.

Adil Arshed Khawaja (MGH)
Mwenyekiti

Message from the CEO

Message from the CEO

In the financial year under review, we experienced a challenging operating environment. Nonetheless, the business displayed significant resilience in producing outstanding growth in both our top and bottom lines. This enabled us to achieve a major milestone, attaining – in our Kenyan business alone earnings of more than USD1 billion before tax and interest (EBIT). Safaricom is the first company in the Eastern Africa region to attain this landmark number.

Purpose – Transforming Lives

In the year under review, we were firmly guided by our purpose of Transforming Lives, exhibiting this in four key ways, through:

- Product development such as Boost ya Biashara
- Active support of communities through the right tools and technology, and helping fulfil their potential through our M-PESA and Safaricom Foundations
- Helping address societal needs through Ndoto Zetu, assisting deserving Kenyans to achieve their dreams
- Our commitment to transparency and accountability by publishing our operations and business activities with our twelfth Sustainability Report

We have demonstrated at first-hand the transformative power of leveraging technology to change lives, create shared value, drive positive change, and develop solutions that address societal challenges at scale.

Business Performance

It is extremely gratifying that the growth we have seen during the year under review has been broad-based, as it means that all our growth-engines are performing well. This, taken together with the commercial momentum we are making in Ethiopia, bodes well for the significant value that we anticipate the Company will deliver in the medium- to long-term.

For more on our financial performance and Ethiopian operations, see pages 83 and 114 respectively.

The challenges

The year under review proved to be an extremely difficult period for our operations in both Kenya and Ethiopia. High rates of interest and inflation produced challenging conditions during the year, even with resilient GDP growth in Kenya of 5.6% in 2023.

Currency weakening together with a tightening of monetary policy in Kenya, and the controlled currency in Ethiopia compounded this effect, and impacted energy pricing. This in turn exacerbated the consequent inflationary outcome and the constraints on disposable income.

It is important to note that all this played out against a still unsettled global economy, in which war and its effects on trade, logistics and energy continued to exert knock-on pressures across the world and especially on developing economies.

For more on our operating environment, see page 84.

A further challenge emanated from the regulatory landscape, where we saw increased excise duty rates imposed on mobile money transfer services and additional taxes on SIM cards. We continue to keep a watchful eye given the impact that additional taxes could have on the business and our operations.

The opportunities

With the approval of our 2030 strategy by the Board, our goal is to become Africa's leading purpose-led technology company. Led by this vision, we aim to maximise the opportunities we have identified. Among these is the strong commercial momentum that we forecast for Ethiopia in the short- to medium-term. This includes growing a quality subscriber base, monetising opportunities such as mobile data – which has recorded a very high usage – acceleration of M-PESA penetration, and scaling our operations across the country thanks to a stable security environment. We note and appreciate the support and collaboration of the Ethiopian government as we work together towards supporting its ambition of creating Digital Ethiopia.

Ethiopia has the second-largest population on the continent, and it is weighted towards the young. However, it still only exhibits a 50% connectivity penetration, a fact that demonstrates the potential of the market. We closed the year with 2,800 sites and we anticipate that that we will have integrated 3,500 into our network by the end of FY2025. This will facilitate our aim of being in the forefront of digitisation and financial inclusion in that market.

With our connectivity business in Kenya already largely mature, we see an opportunity in mobile financial services, enabling us to provide more access and drive financial inclusion in the process. We are advancing M-PESA into becoming a platform that offers wealth management, diversified credit and savings propositions amongst others.

We are working with government to enable the digitisation of government services and ease of service delivery to citizens. Together with various industry players and with the support of Government of Kenya, we launched a first-of-its-kind device assembly plant in Kenya that will manufacture smart phones and other devices, making it easier for the Government's digital economy agenda to be realised.

For more on our strategy, see page 43.

Delivering against our strategy

During the year we saw significant growth in our connectivity business, as well as in mobile data. In the latter, affordable devices that we are now able to deliver through our own manufacturing facility began to make an impact – further proof that we have the correct and relevant propositions for our customers.

By carefully segmenting our market, and targeting the segments with what they most need, we have increasingly been using AI and big data. We are powering growth and innovation for our large as well as micro, small medium enterprises (MSMEs) through efficient and cost-effective IoT and ICT solutions. Amongst other solutions for enterprises, we are scaling those in cloud and cyber-security, layering them on our connectivity products. In addition, we are aiding our MSMEs with solutions such as SME digital adoption plans which provide cloud-enabled productivity tools.

For more on our technology and services, see pages 76 and 19 respectively.

We believe that we have successfully increased usage by focusing on:

- What our customers really require
- The way they experience our services
- The journeys they undertake with us

We attribute these growing volumes to our customer obsession philosophy, as well as to the ongoing material reduction in pricing across our product base by between 40% and 60% over the last four years.

Message from the CEO (continued)

Technology has become an integral part of our daily lives, driving innovation and progress across various sectors of the economy, and our transition from a Telco to a TechCo is underpinned by our firm commitment to bridge digital and financial divides. While demonstrating our ability to utilise technology and provide relevant solutions that solve societal issues, we have cemented our strategic move to become a technology company.

For more on customer obsession, see page 23.

It is pleasing to note that our Company ecosystem remains geared for growth. We have put in place the measures to facilitate this by driving efficiency and cost reduction through our technology, infrastructure and culture, as well as through our commitment to green principles. Indeed, solar energy is already driving a full 24% of our sites.

For more on our financial performance, see page 83.

Growing in Ethiopia

We have been operating in Ethiopia for around 18 months, and I am extremely proud of the strides we have made there. Our focus has been on scaling our operations to occupy the key position in that country's telecommunications industry that we envisage for ourselves.

We now cover 40% of the population and have grown our customer base to over 9.4 million since inception. Our goal of playing a central role in the digitisation of Ethiopia remains in place, with both infrastructure and usage demonstrating that we are poised for solid growth in that country.

Supporting society

I am proud to reaffirm that Safaricom's commitment to the people among whom we operate, and the environment in which we all live, remained as strong as ever during the year under review. In the space of a year, the country went from drought to floods, itself a sad confirmation of the climate crisis. I am honoured to be able to lead the private sector's representation on the National Disaster Response Appeal Fund, to complement government efforts.

Our two foundations continued their essential work in alleviating health, education, financial literacy and inclusion difficulties. The dedicated support and innovation that the foundations provide remain an essential part of our obligations as a responsible corporate citizen.

Moreover, our support of the Chapa Dimba football tournament this year enabled thousands of young Kenyan girls and boys across 3,300 teams, to realise their passion for the game. It is gratifying to see them connecting through sport and music and advancing their talent.

For more on our foundations, CSI and environmental efforts, see pages 119 and 127 respectively.

Looking ahead

I believe that we are extremely well-positioned to continue our path of strong growth in the short, medium and long term. In the medium term, I anticipate that we will break even in Ethiopia by the end of year four of our operations there.

In Kenya, with our mission of transforming lives, we are now implementing our new vision and strategy. We will continue to see growth, as we work towards assuming the mantle of being Africa's leading technology company by 2030.

I believe that with our agile ways of working, our culture of customer obsession and societal relevance, we have both the impetus and the tools to cement the growth that we have built on during the year.

Acknowledgements

I am extremely grateful to our new Board for the careful considered, committed and diligent way in which they have supported me and indeed all our management team. Their wise leadership has provided us with the solid foundation that has enabled delivery of the pleasing results we have seen.

I would also like to thank the primary regulators in both Kenya and Ethiopia, whose support is intrinsic to the way we operate. Our dealers and agents in both countries, too, have continued to play a crucial role in our success. I would like to thank them for their loyalty and commitment to growing our brand.

To all my colleagues throughout the business – I am very proud of your dedication, talent and unstinting embodiment of our ways of working, our customer obsession and our determination to change lives. It is your efforts that enable us to deliver the results we do.

I would like to thank all our shareholders, and all our partners and stakeholders who have continued to show us the support that is so important to our business.

Finally, I would like to thank our customers for their loyalty in what I know has been a tough year for consumers. We greatly value your ongoing confidence in us to deliver the services and products you need.

Peter Ndegwa
Chief Executive Officer

Ujumbe kutoka kwa Afisa Mkuu Mtendaji

Katika mwaka wa kifedha tunaouangazia, tulikumbana na mazingira magumu ya uendeshaji shughuli. Hata hivyo, biashara yetu ilidhihirisha ukakamavu mkubwa katika kuandikisha ukuaji mkubwa katika mapato, mauzo na katika faida. Hili lilituwezesha kufikia hatua kubwa sana, kutimiza – mapato ya zaidi ya USD1 bilioni kabla ya ushuru na riba (EBIT) katika biashara yetu ya Kenya pekee. Safaricom ndiyo kampuni ya kwanza kabisa kanda ya Afrika Mashariki kufikia takwimu hiyo muhimu.

Ujumbe kutoka kwa Afisa Mkuu Mtendaji (mwendelezo)

Lengo – Kubadilisha Maisha

Katika mwaka tunaouangazia, tulikuwa imara katika kuongozwa na lengo letu la Kubadilisha Maisha. Tulidhihirisha hilo kupitia njia nne kuu, ambazo ni:

- Uandaaji wa bidhaa na huduma kama vile Boost ya Biashara
- Kusaidia jamii moja kwa moja kupitia vifaa na teknolojia zifaazo, na kuwasaidia wanajamii kutimiza uwezo wao kupitia Wakfu wa M-PESA na Wakfu wa Safaricom
- Kusaidia kutimiza mahitaji ya jamii kupitia Ndoto Zetu, kwa kusaidia Wakenya waliostahili kutimiza ndoto zao
- Kujitolea kwetu kuhakikisha uwazi na uwajibikaji kwa kuchapisha maelezo kuhusu shughuli zetu za kibiashara na nyinginezo katika Ripoti ya Uendelevu ya kumi na mbili

Tumeonyesha moja kwa moja nguvu ya mabadiliko inayopatikana kwa kutumia vyema teknolojia kubadilisha maisha, kujenga thamani ya pamoja, kuongoza mabadiliko ya manufaa, na kutoa suluhu kwa changamoto zinazoikabili jamii

Matokeo ya Biashara

Inaridhisha sana kwamba ukuaji ambao tumeushuhudia katika kipindi tunachokiangazia umekuwa mpana, kwani hii ina maana kwamba injini za ukuaji zinafanya kazi sawa sawa. Hili, ukilizingatia pamoja na kasi ya ukuaji ambao tunaupata Ethiopia, linaendana vyema na thamani kubwa ambayo tunatarajia Kampuni itaweza kuhakikisha inapatikana katika kipindi cha wastani hadi kipindi kirefu.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha na shughuli zetu Ethiopia, tazama ukurasa 83 na 114 mtawalia.

Changamoto

Mwaka tunaouangazia ulikuwa kipindi cha wakati mgumu sana kwa shughuli zetu Kenya na Ethiopia. Viwango vya juu vya riba na mfumko wa bei vilizalisha mazingira magumu sana mwaka huo, hata licha ya ukuaji mzuri wa GDP wa 5.6% mwaka 2023 nchini Kenya. Kudorora kwa thamani ya sarafu pamoja na kukazwa kwa sera ya kifedha nchini Kenya, na kudhibitiwa kwa sarafu nchini Ethiopia vilizidisha makali ya changamoto hizo, na kuathiri bei ya kawi. Hili nalo lilizidisha shinikizo za mfumko wa bei na kupunguza kiasi cha fedha za matumizi ya hiari miongoni mwa watu.

Ni muhimu kueleza kuwa haya yote yalikuwa yakitokea katika mazingira ya uchumi wa dunia ambao ulikuwa bado wenye misukosuko, ambapo vita na athari zake kwenye biashara, uchukuzi na kawi viliendelea kuongeza shinikizo kote duniani na hasa katika mataifa yanayoendelea kiuchumi.

Kwa maelezo zadi kuhusu mazingira yetu ya uendeshaji shughuli, tazama ukurasa 84.

Changamoto nyingine ilitoka upande wa kisheria, ambapo tulishuhudia kuongezwa kwa viwango vya kodi ya bidhaa katika miamala ya kutuma pesa kwa njia ya simu na pia kodi ya ziada kwenye laini za simu. Tunaendelea kufuatilia kwa karibu yanayotokea, ukizingatia kwamba kuongezwa kwa kodi kunaweza kuathiri biashara yetu na shughuli zetu.

Fursa

Baada ya Bodi kuidhinisha mkakati wetu wa 2030, lengo letu sasa ni kuwa kampuni ya kiteknolojia inayoongozwa na malengo inayoongoza Afrika. Kwa kuongozwa na ruwaza hii, tunalenga kutumia kikamilifu fursa ambazo tumezitambua.

Miongozi mwa fursa hizi ni kasi ya kibiashara ambayo tunaitarajia nchini Ethiopia kuanzia kipindi kifupi hadi cha wastani. Hii ni pamoja na ongezeko la idadi ya watu wanaotumia mtandao wetu, fursa za kufaidi kifedha kama vile data kwenye simu – ambayo tumeshuhudia ongezeko kubwa katika utumiaji wake - kuongezeka kwa wanaotumia M-PESA, na kusambazwa zaidi kwa huduma zetu kote nchini humo kutokana na kuwepo mazingira yenye usalama. Tunatambua na kuthamini sana usaidizi na ushirikiano wa serikali ya Ethiopia tunapofanya kazi kwa pamoja kuisaidia kutimiza azma yake ya kujenga Ethiopia ya Dijitali.

Ethiopia ni ya pili kwa idadi ya watu barani, na wengi ni vijana. Hata hivyo, matumizi ya simu ni 50% pekee, jambo linaloashiria uwezo mkubwa wa soko hilo. Tuliufunga mwaka huo tukiwa na vituo 2,800 vya mitambo ya kutoa huduma za mawasiliano na tunatarajia kwamba tutakuwa tumeongeza maeneo 3,500 kwenye mtandao wetu kufikia mwisho wa mwaka wa kifedha wa 2025. Hili litawezesha kutimizwa kwa lengo letu la kuwa mstari wa mbele katika ukumbatiaji wa dijitali na ujumuishaji wa wengi katika mifumo ya kifedha katika soko hilo.

Ukizingatia kwamba biashara yetu ya huduma za mtandao Kenya tayari imekomaa, tunaiona fursa katika huduma za kifedha kwa njia ya simu, jambo litakalotuwezesha kufikishia wengi huduma za kifedha na kuhakikisha watu wengi wanajumuishwa katika mifumo ya kifedha. Tunaiendeleza M-PESA ili kuifanya kuwa jukwaa linalotoa huduma za usimamizi wa mali, na huduma mbalimbali za mikopo na uwekaji akiba.

Tunafanya kazi pamoja na serikali kusaidia kufanywa dijitali kwa huduma za serikali na kurahisisha utoaji huduma kwa raia. Kwa pamoja na wadau wengine katika sekta hii na kwa usaidizi wa Serikali ya Kenya, tulizindua kiwanda cha kipekee cha kufunganisha mitambo Kenya ambacho kitazalisha simu za kisasa na mitambo mingine, na kuifanya kuwa rahisi kutimiza ajenda ya Serikali ya uchumi wa dijitali.

Kwa maelezo zaidi kuhusu mkakati wetu, tazama ukurasa 43.

Kutimiza dhidi ya mkakati wetu

Katika mwaka huo, tulishuhudia ukuaji mkubwa katika biashara yetu ya huduma za mtandao, pamoja na data kwa njia ya simu. Katika data kwa njia ya simu, simu za bei nafuu ambazo tunazitengeneza kupitia kiwanda chetu zimeanza kuonyesha matokeo – ishara nyingine kwamba tunatoa huduma sahihi na zifaazo kwa wateja wetu.

Kwa kuligawa soko kwa busara, na kuangazia sehemu mbalimbali za soko kwa huduma wanazohitaji zaidi, tumekuwa tukiongeza matumizi ya akili bandia, au AI, na pia data katika kuongoza maamuzi. Tunachochea ukuaji na uvumbuzi kwa biashara kubwa na pia biashara ndogo na za wastani (MSMEs) kupitia huduma bora na za gharama nafuu za Teknolojia ya Mtandao katika Kila Kifaa (IoT) na Teknolojia ya Habari na Mawasiliano (ICT). Miongoni mwa suluhu nyingine kwa biashara, tunaimarisha suluhu za tarakilishi kwenye wingu, yaani cloud, na usalama wa mtandaoni, kwa kuzifungamanisha na bidhaa zetu za huduma za mtandao. Kadhalika, tunasaidia MSMEs na suluhu kama vile mipango ya kutekeleza dijitali katika SME ambayo hutoa vifaa vya uzalishaji vilivyowezeshwa kutumia teknolojia ya tarakilishi kwenye wingu, yaani cloud.

Kwa maelezo zaidi kuhusu teknolojia na huduma zetu, tazama ukurasa 76 na ukurasa 19 mtawalia.

Tunaamini kwamba tumefanikiwa kuongeza matumizi kwa kuangazia:

- Mahitaji hasa ya wateja
- Jinsi wanavyoingiliana na huduma zetu
- Safari wanazozichukua wakiwa nasi

Tunaamini ukuaji huu umetokana na filosofia yetu ya kuangazia mteja katika kila jambo, pamoja na mpango unaoendelea wa kupunguza bei za bidhaa zetu katika vitengo vyote kwa kati ya 40% na 60% katika miaka minne iliyopita.

Teknolojia imekuwa kiungo muhimu katika maisha yetu ya kila siku, ambapo inaongoza uvumbuzi na maendeleo katika sekta mbalimbali za uchumi, na kubadilika kwetu kutoka kampuni ya mawasiliano hadi kampuni ya kiteknolojia kunaongozwa na kujitolea kwetu kuziba mapengo yaliyopo katika kufikia huduma za kidijitali na za kifedha. Kwa kudhihirisha uwezo wetu wa kutumia teknolojia kutoa suluhu zinazotatua shida mbalimbali kwenye jamii, tumetilia mkazo safari yetu ya kimkakati ya kuwa kampuni ya teknolojia.

Kwa maelezo zaidi kuhusu kuangazia mteja, tazama ukurasa 23.

Inafurahisha kueleza kwamba mfumo ikolojia wa Kampuni yetu umepangwa sawa kuhakikisha ukuaji. Tumeweka mikakati ya kufanikisha hili kupitia matumizi bora ya rasilimali na upunguzaji wa gharama kupitia teknolojia, miundo mbinu, na pia kujitolea kutimiza maadili ya uhifadhi wa mazingira. Kwa sasa, nishati ya jua au sola, tayari inatumika kuendesha 24% ya mitambo yetu ya mawimbi ya mawasiliano.

Kwa maelezo zaidi kuhusu matokeo yetu ya kifedha, tazama ukurasa 83.

Kukua nchini Ethiopia

Tumekuwa tukihudumu Ethiopia kwa takriban miezi 18, na najivunia sana hatua ambazo tumezipiga nchini humo. Lengo letu limekuwa kupanua shughuli zetu ili kujiweka katika nafasi muhimu kwenye sekta ya mawasiliano ya simu nchini humo kama tunavyotazamia.

Kwa sasa, tumefikia 40% ya wananchi nchini humo na tumeongeza wateja wetu hadi zaidi ya 9.4 milioni tangu kuanza shughuli zetu. Lengo letu la kutekeleza mchango muhimu katika kuifanya Ethiopia kuwa ya kidijitali bado lipo, kupitia miundo mbinu na matumizi, mambo yanayodhihirisha kwamba tupo katika nafasi nzuri ya ukuaji nchini humo.

Kuisaidia jamii

Ni fahari yangu kukariri kuwa kujitolea kwa Safaricom kwa watu katika maeneo tunayohudumu, na kwa mazingira kote tunakoishi, kulisalia imara katika mwaka tunaouangazia. Katika kipindi cha mwaka mmoja, taifa lilitoka kwa kiangazi na kuingia kwenye mafuriko, jambo ambalo lenyewe ni ushahidi wa athari za mabadiliko ya tabia nchi. Ni heshima yangu kuweza kuongoza uwakilishi wa sekta ya kibinafsi katika Mfuko wa Msaada wa Kukabiliana na Janga la Taifa, na kusaidia juhudi za serikali.

Nyakfu zetu mbili ziliendeleza kazi yake muhimu katika kutatua changamoto za kiafya, kielimu na kifedha na ujumuishaji. Usaidizi na uvumbuzi ambao nyakfu hizo hutoa vinasalia kuwa sehemu muhimu ya jukumu letu kama shirika raia wa kuwajibika.

Isitoshe, udhamini wetu wa shindano la kandanda la Chapa Dimba mwaka huu uliwawezesha maelfu ya vijana kutoka timu 3,300 kote nchini, kutimiza ndoto yao kuhusu mchezo huo. Inaridhisha sana kuwaona wakikutana na kujumuika kupitia michezo na muziki na kuendeleza vipaji vyao.

Kwa maelezo zaidi kuhusu nyakfu zetu, CSI na mazingira, tazama ukurasa 119 na ukurasa 127 mtawalia.

Kutazama mbele

Ninaamini kwamba tupo kwenye nafasi nzuri ya kuendelea kwenye mkondo wetu wa ukuaji thabiti katika kipindi kifupi, cha wastani na kirefu. Katika kipindi cha wastani, ninatarajia kwamba tutaanza kutengeneza faida nchini Ethiopia kufikia mwisho wa mwaka wa nne wetu kuwa na shughuli zetu humo.

Nchini Kenya, kwa azma yetu ya kubadilisha maisha, sasa tunatekeleza ruwaza na mkakati mpya. Tutaendelea kushuhudia ukuaji, tunapojizatiti kuwa kampuni ya kiteknolojia inayoongoza Afrika kufikia 2030.

Ninaamini kwamba kwa njia zetu za wepesi wa kufanya kazi na kuchukua hatua, utamaduni wetu wa kuangazia mteja katika kila kitu na kuwa na manufaa kwa jamii, tunao msukumo, nguvu na vifaa vya kuimarisha zaidi ukuaji ambao tumeupata mwaka huo.

Shukrani

Ninaishukuru sana Bodi yetu mpya kwa jinsi walivyoniunga mkono kwa kujitolea, bidii na umakinifu na bila shaka kundi lote la wasimamizi. Uongozi wao wa hekima umetupatia msingi imara ambao umetuwezesha kufanikisha matokeo ya kuridhisha ambayo tumeyaona.

Ningependa pia kushukuru mamlaka simamizi za sekta yetu nchini Kenya na Ethiopia, ambazo uungaji mkono wake ni muhimu sana katika jinsi tunavyoendesha shughuli zetu. Wauzaji wa bidhaa na huduma zetu na maajenti katika mataifa hayo mawili, pia, wameendelea kuchangia pakubwa katika ufanisi wetu. Ningependa kuwashukuru kwa uaminifu wao na kwa kujitolea kukuza nembo yetu.

Kwa wenzangu kote katika biashara yetu – ninajivunia sana kujitolea kwenu, vipaji na kwa kufuata mtindo wetu wa ufanyaji kazi, kuangazia mteja katika kila jambo na kujitolea kwetu kubadilisha maisha. Ni juhudi zetu ambazo zimetuwezesha kufanikisha matokeo haya.

Ningependa kuwashukuru wenyehisa wetu wote, na washirika wetu wote pamoja na wadau ambao wameendelea kutuunga mkono, jambo ambalo ni muhimu sana kwa biashara yetu.

Mwisho kabisa, ningependa kuwashukuru wateja wetu kwa uaminifu wao katika mwaka ambao ninajua umekuwa mgumu sana kwa wateja wetu. Tunathamini sana imani yenu kwetu kuwapa huduma na bidhaa mnazozihitaji.

Peter Ndegwa
Afisa Mkuu Mtendaji

2024 Investor Day in Ethiopia

Our 2024 Investor Day held on 22 and 23 February in Addis Ababa, Ethiopia, was attended by over **43 investors/analysts** from Kenya, South Africa, UK, US, British Virgin Islands and Singapore, in addition to Safaricom Plc, GPE & Ethiopia Board members, Management/EXCO teams, Ethiopia Regulators & Government representatives and relationship partners (bank representatives).

Attendees of Investor Day representing investors, Analysts, Safaricom PLC and Ethiopia Board Members and Management teams.

With the theme **"Scaling our operations for Ethiopia's digital future"**, this event enabled us to showcase the progress of our business, network and infrastructure roll out.

Key take aways from the event on execution progress in Ethiopia

People & Organisation

- As at 31 December 2023, we had 891 staff, of which 89% are in market talent.
- The company will continue to evolve into a **fully-fledged Ethiopian-run organisation** over the next 12–18 months.

Network Infrastructure

- We are **on track** to meet our coverage obligations, 55% by June 2025.
- We have taken a **self-build/sharing model** with Ethiotel and, partnering with Ethiopia Electric Power (EEP) (high voltage long-distance transmission) and Ethiopia Electric Utility (EEU) (last mile distribution and grid connection).
- Ethiopia produces **cheapest electricity in Africa**, so we have cost efficiencies to maximise.
- As of 31 December 2023, we had **2,242 base stations** (1,252 own built & 990 collocated) covering 33 cities including large and medium towns. This represents **33% population coverage.**
- Our focus now is to **densify connectivity** to continue enhancing quality of connectivity as we create a contiguous network.
- Our **FY24 CAPEX guidance of KShs 45 – 48Bn remains unchanged.** We are on track to achieve our targeted 3,000 sites by end of FY24.
- We have a 24/7 call center providing services in six languages, with plans to build a second call centre serving more languages.

Sales & Distribution

- Our S&D model has evolved since we launched operations guided by **coverage, sites capacity, distribution infrastructure and performance targets.**
- This is now **focused on scaling sites, critical mass reach and cost efficiencies.** Since commercial launch, we have taken learnings on the go to establish effective, efficient and engaged distributor network.
- We are also focusing on establishing **one customer** for both GSM & M-PESA services to drive acquisitions and, **one trade** without differentiation of retailers for GSM products and M-PESA agents & merchants.
- **Territory management** is also key in creating clear **accountability and visibility** to drive distribution cost efficiencies focusing on building a merchant network, accepting payments and selling airtime via M-PESA float.

Our winning strategy as the Challenger

- We are positioning our brand as **the international brand** for the Youthful population of Ethiopia over indexing on youth volume and value market share to:
  - **Win with Best-in-class Digital experience** for (a) Know (b) Buy (c) Service Proposed digital first order to interact with our customers; App then Telegram then USSD.
  - **Win with supporting community** via Technology-Leverage on technology as an enabler of Youth Economic progress.
  - **Win the battle on Quality across all touchpoints –** Data network experience, Products, Customer Service.

M-PESA

- **The opportunity.**
  - Banking penetration in urban areas is high, but 99% of small value transactions are in cash.
  - Only 11% of the population has had access to loans from financial institutions.
  - The social construct is less geared to town-to-village money transfer.
  - USD 6.9Bn Annual Diaspora Remittances.
- **Progress since acquiring the license.**
  - **Customer acquisition;** 3.1Mn M-PESA Registered Customers and 95% conversion of daily GSM gross adds
  - **Agent & Merchant Ecosystem;** 43K Merchants and 70+ Supermarket outlets and 26k Agents
  - **Partnerships;** 12 Banks, 3 e-commerce and for International Money Transfer: 12 partners + 3 corridors (100+ corridors)
  - **Technology Platform;** 400 TPS Platform, over 99% service availability, converged App and USSD channels and open API platform
  - **Agile Delivery;** 6 Active Squads - Consumer, Credit, Merchants, Integrations, onboarding & support, Technology operations
  - We have leveraged on our experience to build a complete **3-Sided ecosystem** from Day 1; a **Business, Consumer and Developer** community to drive a robust fintech platform.

We also had the privilege of hosting various government representations to make key note speeches on **Ethiopia's macro-economic conditions** and the **government's initiatives impacting our operating environment.**

These were Eng. Balcha Reba the Director General, Ethiopian Communications Authority, Mamo Mihretu the Governor, National Bank of Ethiopia, Dr. Brook T. the Director General, Ethiopian Capital Market Authority, Dr. Habtamu Simachew, Senior Legal Advisor, Ethiopian Investment Commission (EIC) and Yodit Kassa, Chief Business Development Officer, Ethiopian Securities Exchange (ESX).

Government representatives during the panel discussion after key note speeches

Adil Khawanja, Chairman Safaricom PLc Board and Mamo Mihretu, Governor, National Bank of Ethiopia

Michael Joseph Safaricom Ethiopia Board Chairman

Mamo Mihretu, Governor, National Bank of Ethiopia on the left and Dr. Brook T. the Director General, Ethiopian Capital Market Authority on the right during their presentations

Peter Ndegwa, Safaricom Group CEO

Wim Vanhelleputte, Safaricom Ethiopia CEO

Dilip Pal, Peter Ndegwa and Mamo Mihretu-Governor NBE

Caroline Wambugu, HOD-Finance Planning, Analysis & Investor Relations

M-PESA Showcase booth

James Maitai, Chief technology officer, Safaricom Ethiopia during the technology showcase

Safaricom PLC and Safaricom Ethiopia Investor Day event organisers

Safaricom PLC Team at the Device Assembly booth

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Our Strategic Approach

Our strategic approach is informed by all six of our capitals, while comprising a fundamental part of our intellectual and financial capitals. It constitutes an integral part of the thinking, planning, procedures and implementation of all the elements that underpin the way we do business. Together with our strategic framework, it includes our material matters, risk and opportunity management, as well as our business model and the way we conduct and foster the relationships with our key stakeholders.

Our material matters

Our material matters are the most important environmental, social, economic and governance imperatives and opportunities for our organisation and our stakeholders. Our last materiality assessment was conducted in 2021 and our priorities align with the 2023 materiality assessment conducted by GSMA for mobile operators. Below is a summary of our five material topics with key highlights, challenges, and future focus.

In determining the internal and external factors that inform and influence our ability to create and deliver value, we follow a rigorous and ongoing assessment process, which includes consideration of the UN SDGs, as well as the concerns and insights arising from our interactions with our stakeholders.

For more on the UN SDGs, see page 16.

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M-PESA
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Our Strategic Approach (continued)

Our material matters (continued)

How we rank and manage our material matters

1 Our platforms

Why it is important:
Our platforms – networks, stations and digital ecosystems – are the core foundation of our business, facilitating inclusive, sustainable economic development and innovation to transform lives.

In keeping with our Customer Obsession focus, which means putting our customers first in everything we do, we monitor the critical components of our network – quality, availability and coverage – to ensure that we provide our customers with the best overall experience.

This material matter incorporates the perspective of our customer and reflects our transition from a telco to a technology company.

Our response:
Our focus on the customer remains unwaivered as we seek to reconnect with our customers and deliver more value to them.

Network: It is critical that our network experience is both of reliable and quality. In the year under review, Safaricom's Network NPS maintained 1st position as compared to the competition scoring 78 points. Safaricom led in Network NPS across the year, leading in both the Voice and Data metrics of NPS. This was achieved through continuous Network Optimization at the Core and Radio network, capacity expansion and rollout of new coverage sites in areas that previously lacked coverage. 155 new sites were built to resolve coverage and capacity issues, while 1,380 4G cells were also upgraded to increase their capacity.

Safaricom has 800 5G sites currently on air. These initiatives ensured that the customers had a good network experience with Safaricom maintaining to be the best network in Kenya. Current broadband population coverage (4G) stands at 96.3%. Indoor network coverage has also been a challenge thereby we had 190 new sites deployed to mitigate the challenge. Areas where indoor coverage improvement was prioritised are Nairobi CBD, Eastleigh, Kasarani, Embakasi and Kayole. More initiatives are being made to ensure good indoor coverage which has been a challenge as we see mushrooming high-rise buildings in the major cities, especially in Nairobi.

2 Environmental stewardship

Why it is important:
The way in which we live and work in the environment underpins our strategic focus on customers, colleagues, community and company.

As one of the major players in Kenya's economy, we have a particular responsibility not only to manage and minimise our impact on the environment, but to demonstrate best practice in the ways in which we achieve, as well as in reporting our environmental performance openly and transparently.

Aligned with our net-zero-commitment, we manage our operations responsibly and work with our stakeholders to achieve this.

Our response:
Safaricom is committed to managing our operations responsibly, decreasing our environment impact and promoting responsible behaviour among all our stakeholders. Our planet strategy has four key pillars: climate action, circular economy, conservation and restoration of biodiversity & ecosystems and environmental compliance.

In the year under review, the key highlights for this material topic included:

- Environmental compliance: achieved 100% compliance.
- Promoting circularity: 98% recycling rate of our solid waste in 71 facilities; 195 tonnes of network waste disposed through auctioning.
- Environmental Management Systems (EMS): Recertification of the ISO 14001 with 14 minor nonconformities as an opportunity to improve. A corrective action plan has already been developed for these.
- 1.5M trees grown cumulatively as part of the carbon offset programme and 56,700 donated towards community decarbonisation.
- Achieved a score of A- in the annual Carbon Disclosure Project (CDP), an improvement from the B score in FY23.
- Biodiversity: in partnership with Vodafone and WWF, leveraging on technology, piloted a human wildlife conflict solution called m-Twiga- an early warning and deterrent system that notifies communities of the presence of specific wildlife species.
- Sustainable Finance: announced the closure of a multi-billion Sustainability Linked Loan (SLL) to strengthen its Environmental, Social and Governance (ESG) agenda. The KShs 15 billion deal, which is up scalable to KShs 20 billion by accordion, is the largest ESG linked loan facility ever undertaken in East Africa, and the first of its kind for Safaricom as well as the first Kenya Shilling denominated SLL in the market.

SDG alignment:

The quality of the service we provide enables decent work and economic growth.

Facilitating increased accessibility and data connectivity by making affordable smartphones available to everyone in the market.

We work to promote financial inclusion across all sectors while promoting digital and gender inclusion.
The focus is to reduce inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups, using Safaricom leadership, network, solutions and technology.

Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs.

Future focus areas:

- Expand the number of 5G sites to more than 1,700 in FY2025
- Continue with public Wi-Fi provision
- Drive financial health, complementing the financial inclusion milestones so far achieved
- Drive the adoption of digital mobile financial solutions to consumers and merchants
- Further develop, in the long term, digitalisation of the transport sector through a cashless parking solution with contactless vehicle verification

SDG alignment:

Our focus is to transition to the use of clean energy at our sites and leverage technology to provide clean energy solutions, including payment solutions for local and renewable energy. Our commitment is to be a net-zero-emitting company by 2050.

We built our own energy dashboards which have enabled remote monitoring thereby improving network stability and energy efficiency.

We partner with licensed mini-grid providers in remote regions or grid-power-deficient areas where we are the anchor tenant.

Future focus areas:

- Biodiversity: Conduct biodiversity impact assessment for our direct and upstream activities to help determine the magnitude of impacts of our operations on biodiversity; Explore shared value partnerships for nature and technology convergence
- Decarbonisation: Review and update our science-based targets in line with the latest science of keeping global warming within 1.5 degrees Celsius above the pre-industrial period; Adopt and disclose our climate risks through IFRS 2; Accelerate growing of 3.5 million trees towards offsetting our hard to abate emissions and supporting our communities to decarbonise and finalise the Planet Strategy, Green House Gas Recalculation policy; engage our Suppliers to set climate targets and reduce their carbon emissions; expand scope 3 emissions reporting
- Circularity: Grow e-waste collection and recycling by 20%, end to end digitisation of e-waste, general waste activities and regulatory permits/licenses; develop and grow impactful circularity partnerships,
- Environmental Compliance: 100% compliance to environmental statutes on waste, noise, air quality and water quality; carry out Environmental impact assessment for new base stations and Environmental audits for 786 BTSs and buildings; develop air quality licenses tracking system.

Our Strategic Approach (continued)

Our material matters (continued)

How we rank and manage our material matters (continued)

3 Innovation and partnerships

Why it is important:
As a purpose-led technology company, we consider innovation to be central to achieving our strategic objectives, retaining our competitive edge and ensuring that we continue to grow.

For us, innovation is not just about product innovation, but extends also to innovation related to financing, partnerships and engagement – solutions throughout the value chain that transform lives in many different ways.

Constant innovation is an important aspect of ensuring our continued success and resilience.

Our response:
The focus continued to be identifying, developing, piloting, and scaling sustainable product innovations and establishing shared value strategic partnerships in the key verticals: health, education, wealth, humanitarian, agriculture, and essential services. It is important that the innovations are designed, developed and deployed in a responsible and ethical manner without infringing on the rights of the users. It is also key that they are human-centric and can be trusted as customers are increasingly more dependent on mobile services for many aspects of their daily lives.

SDG alignment:

Leveraging our mobile technologies and our Foundations to transform lives by improving access to quality and affordable health care services and by promoting well-being for all.

4 Governance, business ethics and risk

Why it is important:
Good corporate governance enables a company to generate long term value and also helps in regulating risk. Robust governance and board effectives are key elements of corporate governance.

While complying with ethical and responsible business practices is viewed as a business requirement, as Safaricom, we strive to go beyond compliance to ensuring that our entire ecosystem operates in an ethical manner.

Our response:
Privacy and Data Protection:

- In order to protect our customer data and comply with our obligations under the Kenya Data Protection Act and the General Data Protection Regulations, we have adopted a robust Data Protection Framework that is guided by the relevant laws and regulations as well as the principles of ISO 27701 Privacy Information Management System. An independent maturity assessment of our Privacy programme ranked it at 3.4 on a scale of 1 to 5. Our ambition for the coming year is to achieve at least a score of 4 out of 5.
- Our multi-faceted training programme covers our Board, staff members, tailored training for specialised groups, dealers, agents, suppliers and FSI partners such as banks, saccos and integrators as well as content service providers. In FY24 we were able to train and test 98.3% of all our employees via e-learning supplemented by face-to-face tailored training across the business on their data protection roles and responsibilities.
- Our suppliers' roles and responsibilities are clearly laid out in their contracts and supplier code of conduct with reminders shared through supplier bulletins and the supplier annual forum. Similarly for our dealers and agents as well as our FSI partners such as banks, saccos and integrators as well as content service providers, annual training is conducted via online forums, partner bulletins, sms reminders and contractual terms to further safeguard individuals' personal information processed.
- Regulatory engagement with the Office of the Data Protection Commissioner (ODPC) during the year is consistent to ensure a free exchange of ideas and information to further promote a strong culture of privacy. Awareness sessions shared by the ODPC were shared with our suppliers, dealers and agents with sessions attended by our staff as well. 4 complaints forwarded from the Office of the Data Protection Commissioner (ODPC) this financial year were resolved with no negative determination against Safaricom.

5 Regulatory environment

Why it is important:
The regulatory environment plays a significant role in Safaricom's ability to operate effectively, as we reflect and respond to change in the socio-economic environment.

These two environments together have the capacity to impact our strategy, its expression in our business model, and consequently our decision-making.

Our response:

- Mobile network quality of service (QoS) 2022–2023 period: overall performance of 90% surpassing the minimum requirement of 80% set by the Communications Authority. This achievement is a direct result of our commitment to providing a reliable and high-quality mobile network experience for our customers.
- Assignment of two new MNDCs 0116 & 0117: The Authority assigned Safaricom two new Mobile Network Destination Codes (MNDCs)- 0116 and 0117. This assignment will bolster our capacity for customer acquisition and network expansion.
- Universal Service Fund "USF" Projects: We're actively engaged in the nationwide rollout of the USF Phase 2 Project. As of March 2023, we received confirmation for completion of additional 11 sites and aim for swift activation upon their readiness. Furthermore, in October 2023, the Authority awarded us a separate contract for Phase 2R and 3. This entails supplying, installing, and commissioning telecommunication infrastructure to deliver mobile services in 93 designated sublocations. We have commenced site surveys.
- WRC-23: Shaping the Future of Mobile Connectivity: We participated at the World Radiocommunication Conference 2023 (WRC-23) in Dubai. Our active engagement in discussions on identifying spectrum for International Mobile Telecommunications (IMT), covering technologies such as 4G, 5G, and the forthcoming 6G, was particularly exhilarating. Contributing to a landmark decision, we successfully advocated for the allocation of new spectrum bands in the 3 GHz (3.3–3.4 GHz, 3.6–3.8 GHz), 4 GHz (4.8–4.99 GHz), and 6 GHz (6.425–7.125 GHz) ranges specifically for IMT. This crucial step lays the foundation for faster mobile speeds, broader coverage, and the development of next-generation IMT services.

*For more on customer obsession, see page 23.

Expanding access to education through innovative solutions, our network and through partnerships.

Transitioning to the use of clean energy at our sites and leveraging technology to provide clean energy, including payment solutions.

We unlock access to market for micro, small, medium enterprises (MSMEs).

Delivering connectivity and innovative products and services that will provide unmatched solutions to meet the needs of Kenyans.

Reducing inequalities by enabling equal access to opportunities for everyone, especially to vulnerable groups, leveraging Safaricom leadership, networks, solutions and technology.

We were awarded part of the tender for the Universal Service Fund. We are in a partnership in the licence which will assist in stimulating economic growth in Ethiopia.

Future focus areas:

- Future focus will be acceleration of the new growth areas through shared value strategic partnerships in line with our purpose of transforming lives. Customer satisfaction is important and so we will focus on simplifying customer journeys and incorporating customer feedback into innovation and company processes.

SDG alignment:

Providing decent work within Safaricom and our broader ecosystem, including enforcing effective health and safety practices both internally and by suppliers, simultaneously contributing to the local and national economy through innovative solutions to increase employment and facilitate economic activity amongst suppliers and customers.

We support peace, justice and strong institutions.

Partnering and building collective capacity of people, organisations and nations to promote and advance the SDGs.

Future focus areas:

- ISO 27701 certification
- Enhance further our data minimisation initiatives to protect our customers data when they make payments using M-PESA

SDG alignment:

Delivering connectivity and innovative products and services that will provide unmatched solutions to meet the needs of Kenyans.

Managing our operations responsibly, decreasing our environmental impact and promoting responsible behaviour among all our stakeholders.

Managing our operations responsibly and ethically and fighting corruption in all its forms.

We collaborate with regulators (SDG16 and SDG17) to significantly increase access to information and communications technology (SDG 9) while ensuring sustainable consumption and production patterns both within our own organisation and amongst our stakeholders (SDG12).

Future focus areas:

- Engagement with regulators on numerous draft regulations, guidelines, and bills
- 100% single-use, plastic-free organisation with the aim of going green in all our retail shops by doing away with single-use tumblers, and by introducing sustainable solutions such as paper cups
- 98% of solid waste from Safaricom facilities in Nairobi recycled
- One million trees to be grown in line with our net-zero by 2050 carbon offset programme
- Maintain 100% of key operating licences and resources.
- Continue with implementation of the USF projects.
- Continuous improvement of our Network QoS

Our Strategic Approach (continued)

Managing risk

We recognise that the identification and prioritisation of the risks we face is an essential part of continual creation of value and long-term sustainability for our business. As such, the management of risk is a central part of our intellectual and financial capitals. In defining and implementing our risk management process, we not only take into consideration the challenges faced by key economic sectors but also the enablers and the interdependencies. We understand that the market within which we operate, connectivity, technology and agility are of particular importance, and carry with them very particular risks, challenges and opportunities.*

***For more on the global and domestic operating environment, see page 84.**

Our Enterprise Risk Management (ERM) process

Our commitment to robust risk management practices as an integral part of good management is evident in our top-down approach, with the Board assuming overall responsibility for the management of risk.

From this level, appropriate support for risk management is disseminated throughout the Company, driving a positive risk culture across the organisation. Our risk management framework is aligned to the ISO 31000 Enterprise Risk Management Standard, allowing us to identify, measure, manage and monitor strategic and operational risks across the business.

The Enterprise Risk Management Framework (ERMF) provides our management with a clear line-of-sight over risk and enables informed decision-making.

In addition, we continuously review our framework to ensure the effective provision of the appropriate foundational and organisational arrangements for identifying, treating, reporting, monitoring, reviewing and continually improving the management of risk.

Our risk management process includes:

- Establishing the risk context and scope
- Identifying risks
- Measuring risks
- Managing risks
- Monitoring and reporting risks

Our ERMF

Identify risk
Risk assessments conducted twice every year, in conjunction with the business units and other stakeholders.

We understand ad hoc risk assessments that are necessitated by the ever-changing environment we operate in.

Establishing the context
We begin by defining the external and internal parameters to be taken into account when managing risk and setting the scope and risk criteria for the risk management policy.

External context includes our external stakeholders, our local, national and international operating environment and other external factors that influence our objectives. Internal context includes our internal stakeholders, governance approach, contractual relationships and our capabilities, culture and standards.

Measure risk
We have a standardised risk-scoring and categorisation process that makes rereference to our risk appetite that has been set by the Board.

The measurement takes into account both the probability of occurrence and potential impact should the risk crystallise.

Manage risk
We manage risk by implementing appropriate mitigations and controls to eliminate the risk or reduce the impact of likehood of the risk.

Effectiveness of control and oversight is tested accross the "three lines of defence".

Monitor and report
We have adopted a continual and iterative process to monitor risks, effectiveness of controls and provision of continuous reporting to our Board and Executive Committee on how effectively risks are being managed.

Establishing the context

We classify our risks into two categories – Strategic Risk and Operational Risk. We then proceed with defining the requisite external and internal parameters for managing risk and setting the scope and risk criteria for the risk management policy.

Our external context includes:
- Our external stakeholders
- The local, national, and international environment
- Other external factors that influence our objectives

Our internal context includes our:
- Internal stakeholders
- Approach to governance
- Contractual relationships
- Capabilities, culture, and standards

Our Three Lines of Defence

For effective risk management across the organisation, we have adopted the Three lines of Defence system (3LoD). 3LoD ensures distribution of risk management responsibilities throughout the Company, enhances risks ownership and ensures that there are adequate checks and balances.

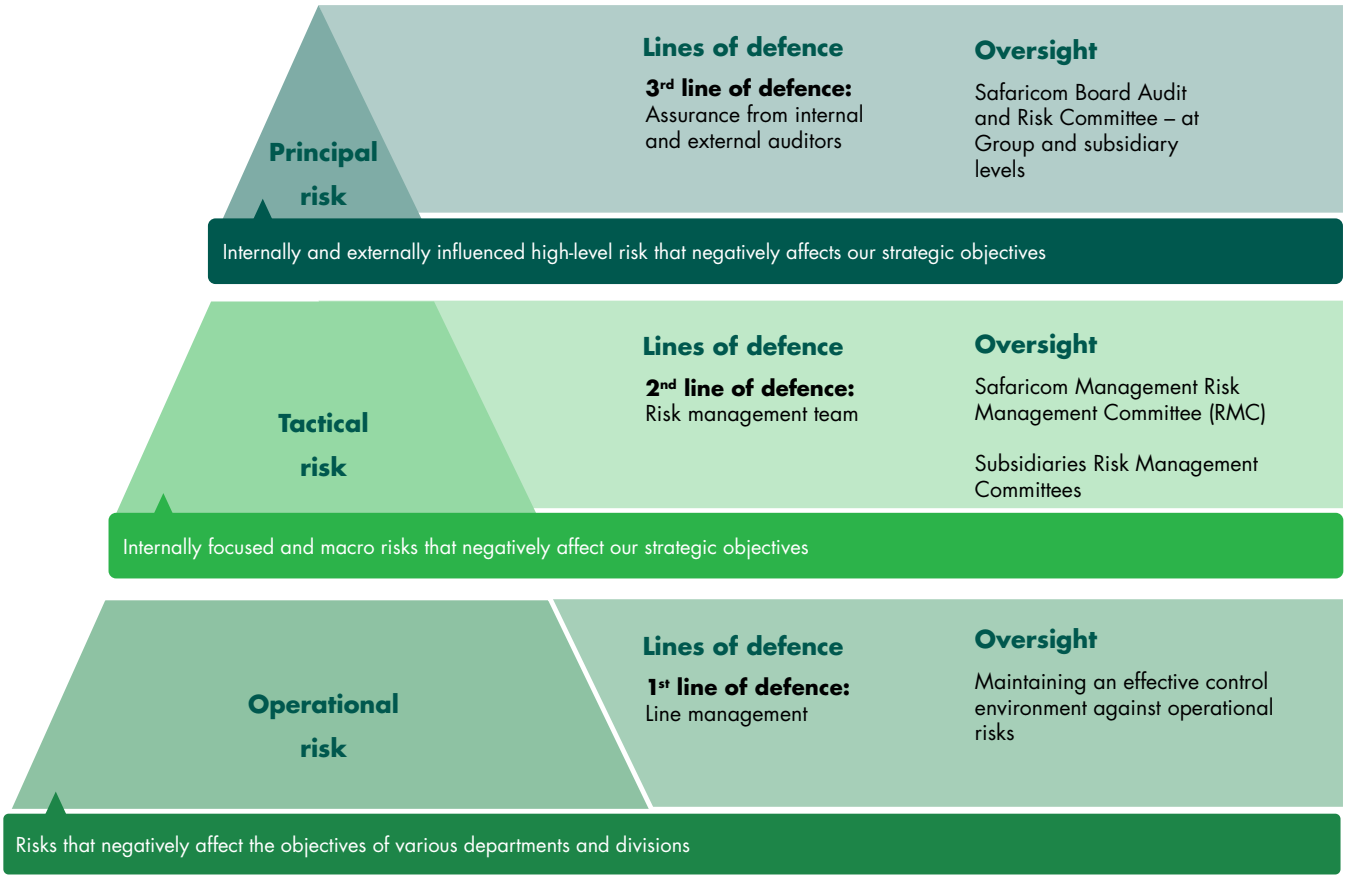
Categories of risk

To facilitate the management of the risks we identify and their associated opportunities, we classify them into two categories:
- Strategic risks
- Operational risks

Monitoring and management of risk and opportunity

We undertake and plan the monitoring and review of risks as part of our risk management process. This involves regular checking and surveillance of the risk landscape.

We have established an extensive monitoring and review regime one that clearly defines and allocates responsibilities. Our monitoring process ensures that appropriate and timely corrective measures are taken and that any weaknesses in the process are addressed. The monitoring process involves regular review and update of the respective risk registers based on the existing Key Risk Indicators (KRIs).



Our Strategic Approach (continued)

Managing risk (continued)

Our Enterprise Risk Management (ERM) process (continued)

Monitoring and management of risk and opportunity (continued)

The KRIs enable the organisation to respond to threats at an early stage and to take appropriate action. Monitoring and review determine whether:

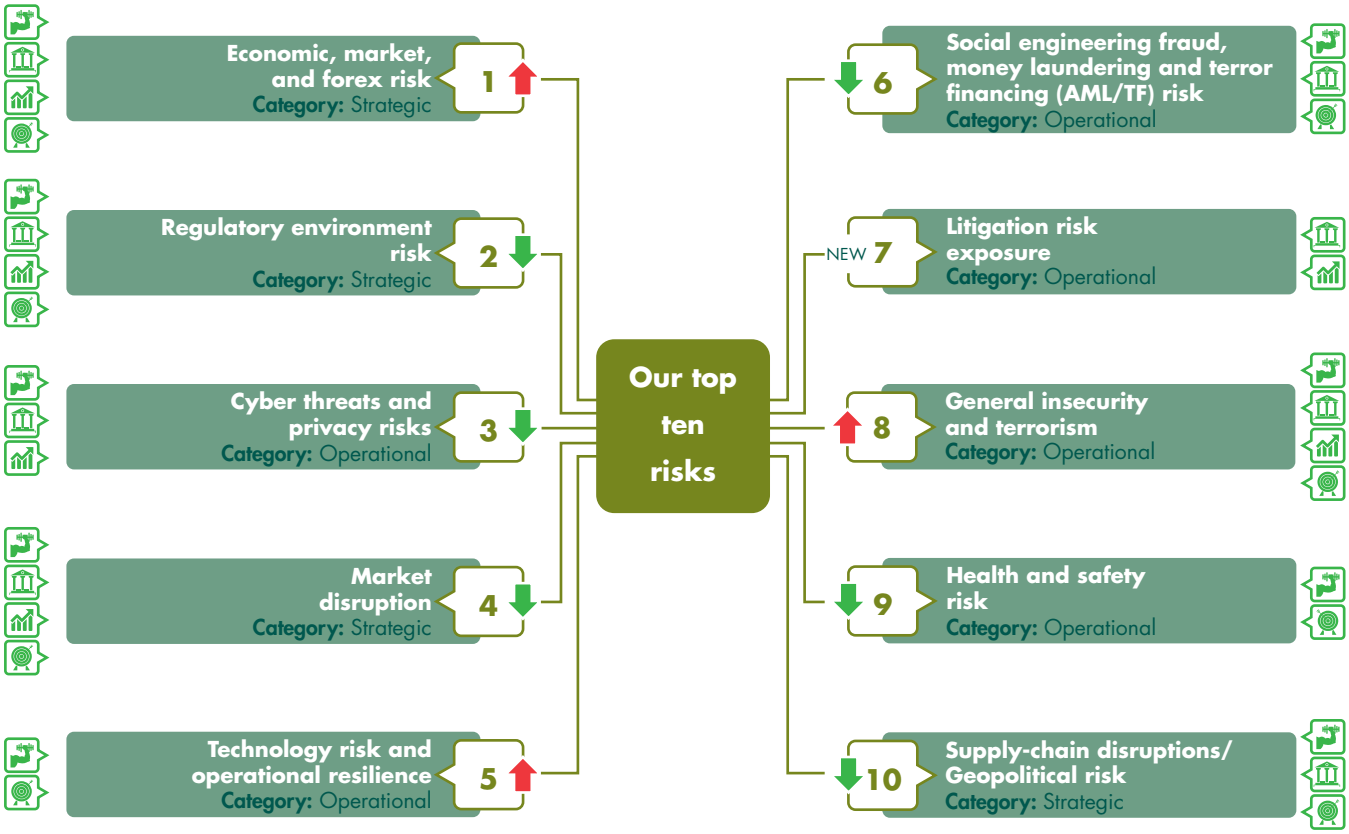
- Risk measures adopted have resulted in what was intended
- Procedures adopted and information gathered have been appropriate
- Improved knowledge would have helped to reach better decisions
- There are lessons to be learned for future assessments and management of risks

Our principal risks and how we manage them

During the year under review year our principal risks have largely remained the same as for the prior year, with only their likelihood and impact having either increased or reduced depending on various risk factors.

For full details of our risk management, including context, mitigation and associated opportunities, see page 160 of this report in the Directors' Report.

Our top ten risks

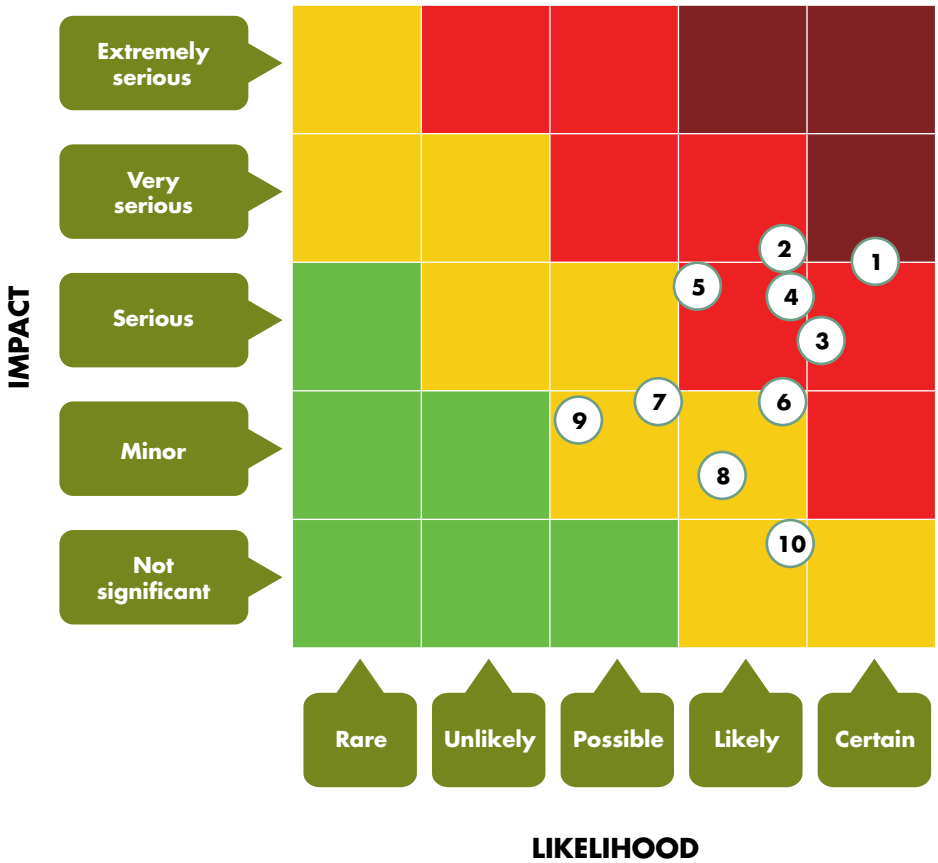


Key

(Icon description can be found in the flap).

Our risk heat map

Our risk heat map sets out the principal risks as identified through the risk management process that covers strategy and operations. It depicts the residual risk rating after the institution of mitigating controls. The rating is obtained as an interaction between the probability of the risk and its impact rating.



Looking ahead

In the short term we anticipate that the ever-evolving regulatory landscape will pose a growing a risk, with compliance requirements increasing in complexity.

In the medium- to long-term, the increased cost of living will remain a concern, and despite an improvement in forex and oil processes, the short-term outlook continues to be highly uncertain. Lack of economic opportunity has been recognised globally as a top risk.

Sovereign debt levels are also a growing concern, and while public debt is assessed as sustainable, there remains a high risk of debt distress. With the increase of approximately 30% of GDP being spent to service debt repayments, current and fiscal balances will be more vulnerable to external shocks.

Our Strategic Approach (continued)

Our strategic framework

Our strategy forms a key part of our intellectual capital, and it underpins our purpose of transforming lives. The year under review constituted the final year of a five-year plan designed to set us on the path of becoming a technology company by 2025.

WHERE WE CAME FROM

Our five-year strategy
Launched in FY2020

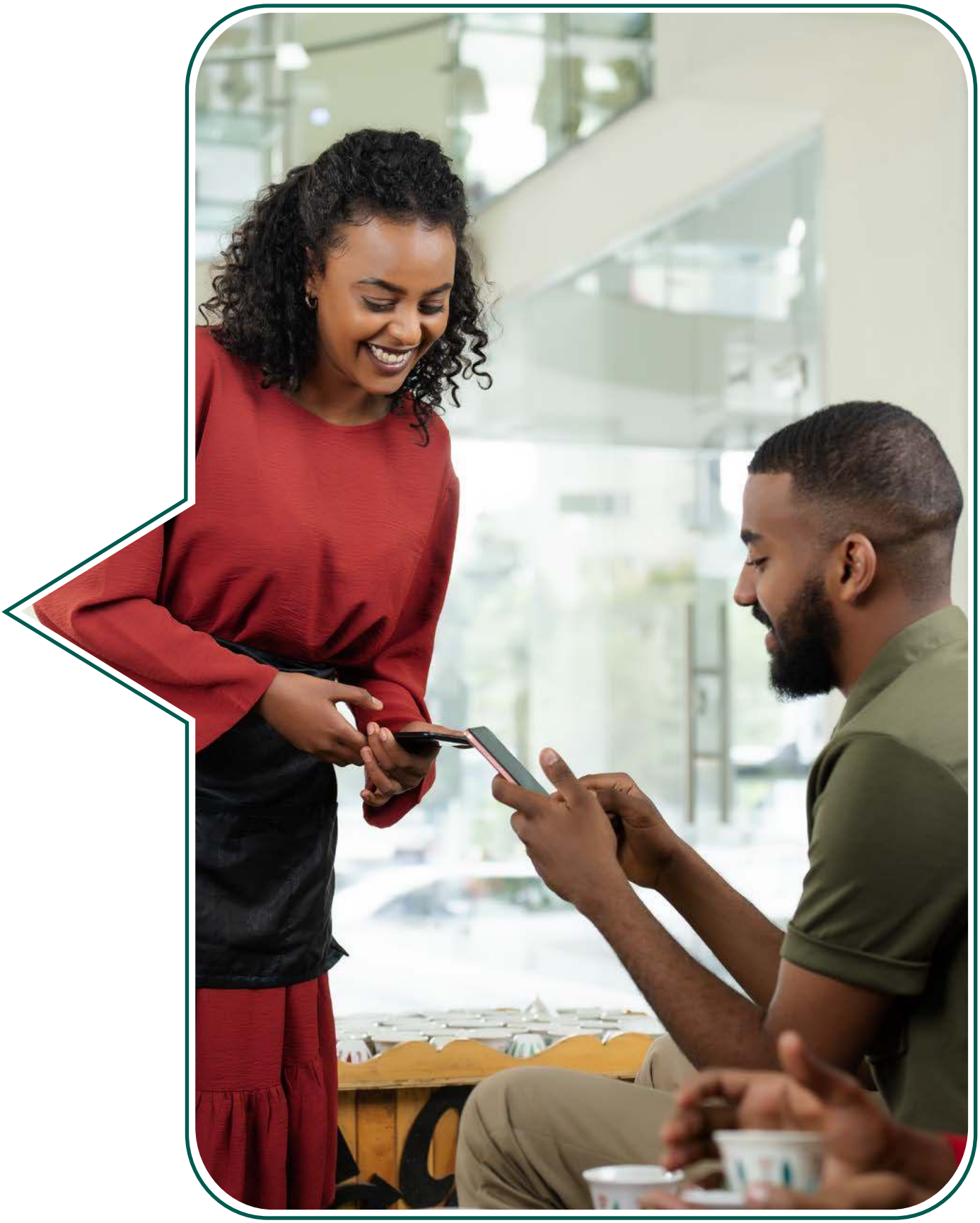
Year 1
Our strategic edifice with four strategic pillars

Successfully delivering:
- A customer-obsessed digital organisation
- A solid basis for a future-fit Group
- Significant progress in all our business areas
- Growth in our customer KPIs
- A positive trajectory in commercial activity KPIs

WHERE WE ARE GOING

A focus for the future

FY2022	To establish a customer obsessed, digital first organisation delivering double digit growth by the end of FY2022, in order to be a purpose-led technology company by the end of 2025
FY2023	To accelerate new growth areas delivering superior customer experience in order to be a purpose-led technology company by 2025
FY2024	To scale tech solutions in order to be a purpose-led technology company by 2025
FY2025–FY2030	To be Africa's leading purpose-led TechCo



Our Strategic Approach (continued)

Our strategic framework (continued)

We design our strategy to reflect the consideration we give to the macro-economic environment in which we operate, as well as to what differentiates us from our competitors. In addition, we take into account feedback and input from our customers, bolstered by our commitment to our society as a responsible corporate citizen. At the heart of our strategy is our determination to enable Safaricom to decisively deliver what our customers need, and to empower and enable them to transform their lives through technology.

Our strategic performance review

Underpinned by our four strategic pillars, our FY2024 focus was to prioritise these seven strategic areas

- Accelerate new growth areas: Next FS, IoT and ICT, Fixed, New Businesses
- Bring the Spirit of Safaricom to life in the way we lead and own the mission through leadership standards
- Deliver top Government Projects
- Grow penetration of 4G devices
- Strengthen execution capabilities to deploy customer solutions
- Establish capacity to win, through our strategic enablers
- Scale Ethiopian GSM and MFS operations

Our Commitment

- Develop the IoT, AgriTech HealthTech value propositions and commercialise at scale
- Develop integrated customer propositions delivered through a single access point to simplify customer journeys
- Build "Business-in-a-box" to 1M SMEs using at least three Safaricom ICT solutions
- Establish new scalable businesses in Next Financial Services in insurance, credit and wealth management
- Deliver the wholesale business opportunity in order to grow revenues
- Develop fibre+ propositions to drive 100% growth in FTTx connections from 310k > 620k

- Establish SLT Leadership Charter that contracts commitment to each other, mission and leadership standards
- Embed Safaricom leadership standards for SLT, ELT and all people managers in delivering the mission
- Establish Performance Framework with Spirit of Safaricom as a key mission objective for all employees
- Create an inclusive environment that promotes psychological safety and authenticity
- Establish Safaricom as undisputed #1 provider of holistic value offerings and experiences
- Establish Safaricom as the clear #1 supporter of communities in Kenya driving corporate brand connection, meaning and trust

- Engage national and county governments to scope top 5 categories (Digitisation, 4G Devices, Connectivity, Credit Enablement and Service Delivery)
- Implement innovative business and financing models for public-private partnerships with government and industry, including climate
- Develop a public sector specific organisation to successfully service, procure and deliver government solutions
- Establish a co-creation Design Hub to facilitate the identification and development of e-government solutions
- Establish and implement a Government-specific Governance and Risk Framework standards

- Deliver a <50USD 4G device affordable to at least 50% of the 2G base, to create broader accessibility of 4G devices in Kenya
- Expand device financing and distribution partners to cover at least 50% of 2G base, with credit scoring not excluding this base
- Partner to establish local assembly facility for low-cost devices
- Direct engagement with government to address tax inefficiency impacting device costs
- Enhance customer propositions to drive 4G adoption/use cases for Consumer and SME
- Execute a Digital-First, App-enabled customer experience

Our Performance

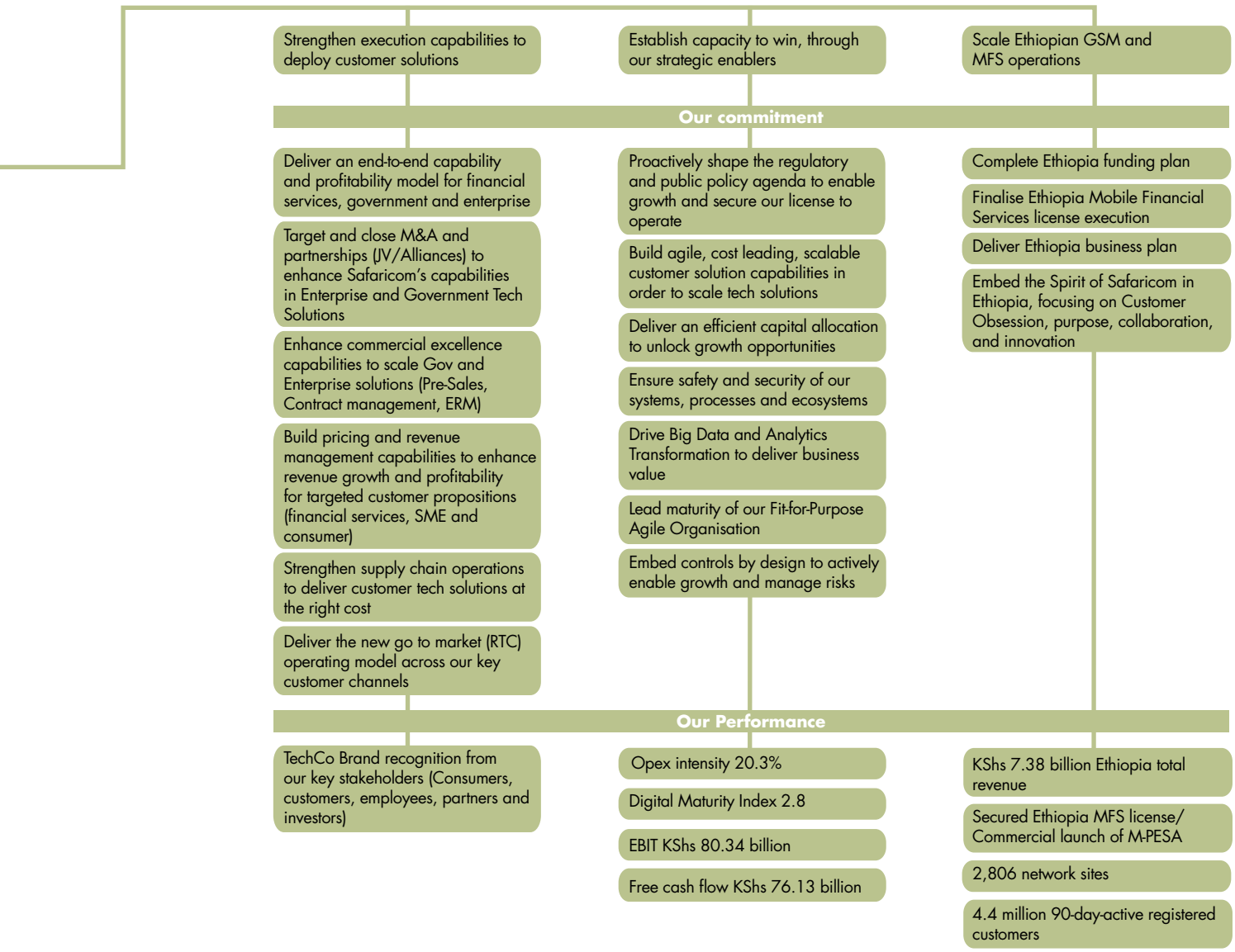
- Total Revenue – KShs 349.4 billion
- FS Revenue – KShs139.9 billion

- #1 NPS (65 pts)
- Spirit of Safaricom Index 83%

- Seven key programmes delivered – Hustler Fund, Women Groups Empowerment (WEF), Digital Health, myCounty app, ICRMS*, Agro-input Subsidy Programme, Inua Jamii, eCitizen
- Social impact on 1.5 million lives by our foundations

**Integrated county revenue management system*

- Delivered 17.5 4G+ Devices
- Launched first-of-its-kind device assembly in East Africa (EADAK)


Strengthen execution capabilities to deploy customer solutions
Establish capacity to win, through our strategic enablers
Scale Ethiopian GSM and MFS operations
Our commitment
Deliver an end-to-end capability and profitability model for financial services, government and enterprise
Target and close M&A and partnerships (JV/Alliances) to enhance Safaricom's capabilities in Enterprise and Government Tech Solutions
Enhance commercial excellence capabilities to scale Gov and Enterprise solutions (Pre-Sales, Contract management, ERM)
Build pricing and revenue management capabilities to enhance revenue growth and profitability for targeted customer propositions (financial services, SME and consumer)
Strengthen supply chain operations to deliver customer tech solutions at the right cost
Deliver the new go to market (RTC) operating model across our key customer channels
Proactively shape the regulatory and public policy agenda to enable growth and secure our license to operate
Build agile, cost leading, scalable customer solution capabilities in order to scale tech solutions
Deliver an efficient capital allocation to unlock growth opportunities
Ensure safety and security of our systems, processes and ecosystems
Drive Big Data and Analytics Transformation to deliver business value
Lead maturity of our Fit-for-Purpose Agile Organisation
Embed controls by design to actively enable growth and manage risks
Complete Ethiopia funding plan
Finalise Ethiopia Mobile Financial Services license execution
Deliver Ethiopia business plan
Embed the Spirit of Safaricom in Ethiopia, focusing on Customer Obsession, purpose, collaboration, and innovation
Our Performance
TechCo Brand recognition from our key stakeholders (Consumers, customers, employees, partners and investors)
Opex intensity 20.3%
Digital Maturity Index 2.8
EBIT KShs 80.34 billion
Free cash flow KShs 76.13 billion
KShs 7.38 billion Ethiopia total revenue
Secured Ethiopia MFS license/ Commercial launch of M-PESA
2,806 network sites
4.4 million 90-day-active registered customers

Our Strategic Approach (continued)

Our strategic framework (continued)

Our strategic performance review (continued)

Looking ahead – Our Vision 2030 Strategy is to become Africa's leading purpose-led TechCo

"Africa's leading purpose-led technology company"

Protect and grow the core

Protect and grow consumer mobile

Deepen the adoption of core enterprise

Future-proof financial services core business

Accelerate the transition to TechCo

Scale consumer digital services

Establish enterprise (including Public Sector) solutions

Scale financial services

Boost and evolve Ethiopia

Grow Ethiopia in a sustainable way

Leapfrog Ethiopia to TechCo and accelerate financial services

Unlock value through innovation delivery models

Reduce overall cost to serve

Adapt to new infrastructure delivery models

Create verticals through carve-outs

Build end to end device play

Supercharge fixed broadband delivery

Deliver superior customer experience as a key differentiator

Organisation and operating model | **TechCo operations powered by AI** | **TechCo capabilities, people and culture** | **Collaborate with community, industry and regulators**

We have identified near term priorities and measures of success to track the progress on strategy execution

Strategic Pillars	Strategic Priorities	How we measure success
1 "Protect and grow" the core	Protect and grow consumer mobile	Grow integrated bundle revenue contribution Maintain customer market share
	Deepen the adoption of core enterprise	Grow penetration of integrated solutions in base
	Future proof financial services core business	Monthly-active Fintech customers Customer growth for business (Pochi + LNM Merchants)
2 Accelerate the "transition to TechCo"	Scale consumer digital services	Grow TechCo revenue by 49%
	Establish enterprise (including Public Sector) solutions	Service revenue contribution from new growth areas (incl. M-PESA+ ICT, IoT)
	Scale financial services	% of Fintech revenue from digital financial services (wealth, insurance, credit) # of developers (on Daraja)

Strategic Pillars	Strategic Priorities	How we measure success
3 Boost and evolve Ethiopian business	Grow Ethiopian business in a sustainable way	Remain within funding budget for Ethiopia Contribution margin Total sites GSM gross subscribers (90-day)
	Leapfrog Ethiopian business to TechCo and accelerate financial services	M-PESA subscribers (30-day)
4 Fund future growth and unlock value through innovation delivery models	Reduce overall cost to service	Deliver value from implementation of five large-scale AI use cases Network sites solarised to save KShs 479 million
	Adapt to new infrastructure delivery models	Evolve Group Holding Structure
	Create verticals through carve-outs	Evolve Group Holding Structure

We will promote customer centricity and digital inclusion by delivering on our foundational imperatives ...

Strategic Priorities	How we measure success
5 Build e2e device play	Grow attached 4G+ Devices Grow number of 4G/5G devices financed and insured device Device supply from EADAK
6 Supercharge fixed broadband delivery	Grow fixed connected customers % of Fixed Home incident service requests closed within 12 hours Reduce Enterprise Fixed Churn Rate Reduce Fixed Delivery Cycle Time for 90% of installations
7 Deliver superior customer experience as a key differentiator	Customer journey NPS Grow monthly active users on SuperApp Improve Consumer Brand Love Core Net Promoter Score

Our Strategic Approach (continued)

Our strategic framework (continued)

Our strategic performance review (continued)

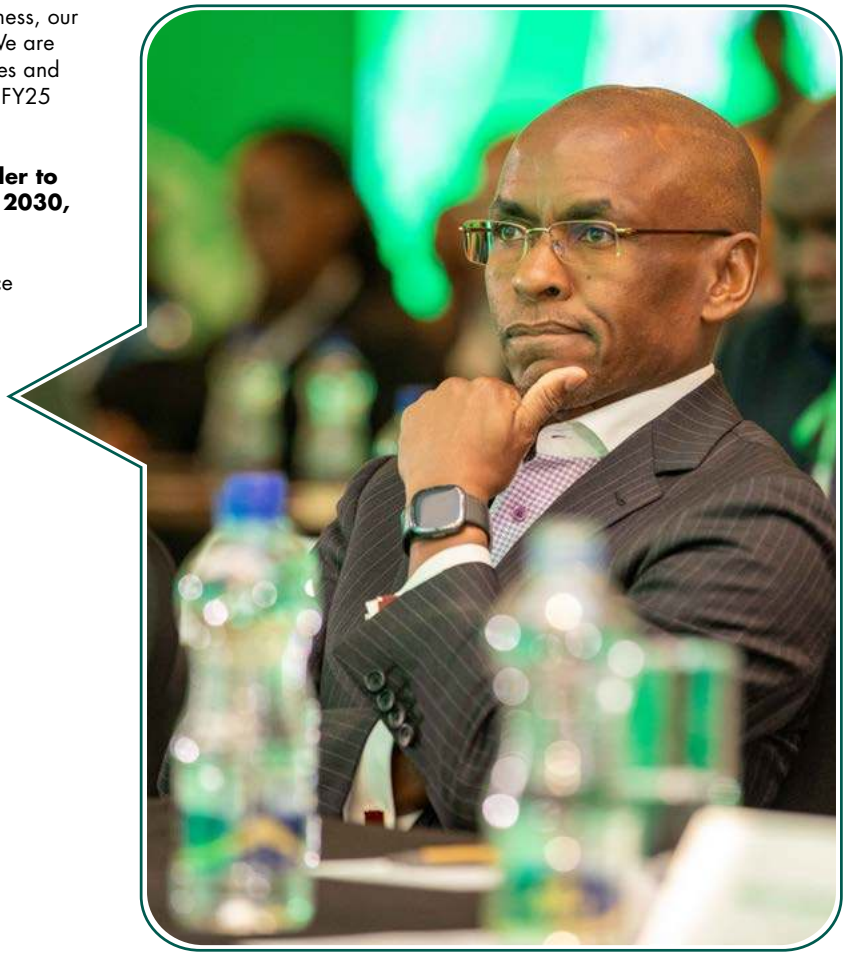
Tracking our progress on strategy execution while embedding critical enablers to deliver our TechCo ambition

Strategic Priorities	How we measure success
8 Organisation and operating model	Accelerate Safaricom adoption of Agile ways of working Reduce deepest organisational layer
9 TechCo operations powered by AI	AI adoption Digital maturity Index Percentage of growth contributed by Tech solutions
10 TechCo capabilities, people and culture	% of staff 2+1 tech courses certified Reduce tech talent attrition Spirit of Safaricom index Improve engagement index
11 Community, industry and regulators	Improve reputation score Secure operating licences and resources Drive Global Sustainability score

As we build a customer-centric and purpose-led business, our focus remains on what matters most: our customer. We are committed to providing truly differentiated experiences and propositions for our various customer segments. Our FY25 focus is therefore:

Embed customer-first tech capabilities in order to be Africa's leading Technology company by 2030, and we have prioritised seven strategic areas:

1. Deliver frictionless digital first customer experience
2. Unlock segment led growth opportunities for the core business
3. Deploy five large-scale, revenue-generating tech solutions
4. Invest in tech capabilities to accelerate path towards TechCo
5. Scale best-in-class fixed broadband services
6. Accelerate Ethiopia commercial execution
7. Secure social license to operate both in Kenya and Ethiopia



Our value-creating business model

Our value-creating business model, while constructed on the inputs of all our capitals, is at the same time a fundamental part of our financial and intellectual capitals. Founded on the four pillars of our strategy, it frames the way we create value for all our stakeholders, and is the foundation of our growth through sustainable business, leveraging technology and centred on the needs of our customers.

Our four STRATEGIC PILLARS

- STRENGTHEN THE CORE
- FINANCIAL SERVICES PROVIDER
- ACCELERATE NEW GROWTH AREAS
- ACHIEVE COST LEADERSHIP

Our six CAPITAL INPUTS

Financial

- KShs 0.71 trillion market capitalisation (FY2023: KShs 0.73 trillion)
- KShs 76.13 billion Free cash flow, +15.7% YoY (FY2023: KShs 65.82 billion)

Intellectual

- A deliberately shaped Agile culture
- Marketing campaigns and initiatives
- IT systems and enterprise architecture
- Strong balance sheet, diversified portfolio
- Market and data analysis
- Investment in training and development
- Strong corporate governance

Human

- 5,774 full-time employees and contractors, +1.2% YoY (FY2023: 5,707 (Kenya))
- An experienced and ethical leadership team
- Digital operating model and agile ways of working
- Strong EVP and unique reward propositions
- Commitment to equal opportunities, safety and well-being
- Digital leadership upskilling and reskilling

Social and Relationship

- 44.67 million
- customers, +2.1% YoY (FY2023: 43.75 million)
- 32.41 million one-month active M-PESA customers +0.9% YoY (FY2023: 32.11 million)
- 262,016 M-PESA agents -0.1% YoY (FY2023: 262,309)
- Informed engagement with regulators
- Effective brand promise
- Investor confidence
- Long-standing supplier partnerships
- A trustworthy brand that resonates with consumers
- 3.3% employees with disabilities
- KShs 112 million invested in employee training (FY2023: KShs 156 million)

Manufactured

- 17,000 km fibre footprint, +21.4% YoY (FY2023: 14,000 km)
- KShs 93.54 billion capex, -2.7% YoY (FY2023: KShs 96.13 billion) (Group)
- 6,591 2G base stations, of which 6,587 are 3G, and 6,528 4G
- Optimised capital allocation and diversification of revenue growth areas
- Neon Ray 2 – Kenya's most affordable 4G smartphone at KShs 7,499

Natural

- 700, 800, 900, 1,800, 2,100 and 3,500 MHz radio bands
- 244,883 MWh electricity consumed (FY2023: 234,360 MWh)
- 66,208 m^3 water used (FY2023: 47,023 m^3)
- 9,685,424 litres fuel used (FY2023: 8,827,895 litres)

All numbers are for Kenya except Capex which is for Group.

Our Strategic Approach (continued)

Our value-creating business model (continued)

Supporting OUR VALUE-CREATION ACTIVITIES

Mediated through...

Our vision

To be a purpose-led technology company

Our transformational goal

We are a customer-obsessed, digital-first, insights-led organisation that enables platforms and ecosystem partnerships

Our strategic enablers

- Data and analytics
- Network and IT
- M&A and partnerships
- People and organisation

Our services to customers

- GSM:
  - Voice, messaging, mobile data
- Financial services:
  - Transfer, payments, wealth management
- Fixed services:
  - FTTH, FTTB, ICT, IOT
- Digital platforms:
  - Agriculture
  - Health
  - E-commerce
- Support functions

Delivery OUTPUTS

Financial

- Group service revenue KShs 329.8 billion: +11.7% YoY (FY2023: KShs 295.69 billion)
- Group EBITDA KShs 163.29 billion: +16.8% YoY (FY2023: KShs 139.86 billion)
- Proposed dividend KShs 48.08 billion, 0.0% YoY (FY2023: KShs 48.08 billion)

Intellectual

- Better response to changing consumer needs
- Brand reinforcement and market communication
- Accelerated deployment of new technologies
- Agile project management
- Effective controls processes
- Improved business practices

Human

- Fair and transparent pay and benefits
- 51:49 male/female workforce ratio (FY2023: 51:49)
- 42.4% women in senior leadership positions (FY2023: 40%)
- 28.6% women in technology (FY2023: 27.1%)
- 3.3% employees with disabilities (FY2023: 3.0%)
- KShs 112 million invested in employee training (FY2023: KShs 156 million)

Social and Relationship

- 2.1% growth in customer base to 44.67 million (FY2023: 3.1%, 43.75 million)
- 32.41 million one-month M-PESA customers: 0.9% YoY (FY2023: 32.11 million)
- 6.1% of procurement spend with local suppliers (FY 2023: 63.5%)
- 41 hours of learning per employee (FY2023: 41 hours)
- KShs 1.20 divided per share, 0.0% YoY (FY2023: KShs 1.20)

Manufactured

- Kenya's best 4G network covering 97.3% of the population (FY2023: 97%)
- 371,989 homes connected to fibre-optic network 34.9% YoY (FY2023: 275,657)
- 32,580 businesses connected to fibre-optic network: +44.1% YoY (FY2023: 22,605)
- Smartphone penetration grew at 12.9% to 22.9 million (FY2023: 10%, 20.3 million)

Natural

- 244,883 MWh electricity consumed (FY2023: 234,360 MWh)
- 66,208 m^3 water consumed (FY2023: 47,023 m^3)
- 9,685,424 litres fuel consumed (FY2023: 10,018,842 litres)

Creating OUTCOMES

Financial

Stakeholders Impacted

IS BP

- We leverage financial capital to invest in our business and grow our competitive market position
- Over 1.2 million businesses accepting payments via M-PESA
- 1.5 million Business App downloads
- 9.6 million Consumer App sign-ins and 1.5 million downloads on the Business App
- 16.5 million Active Lipa na M-PESA active customers

Manufactured

Stakeholders Impacted

Cu IS BP

- 371,989 FTTH connections (FY2023: 275,657)
- 32,580 FTTB connections: +44.1% YoY (FY2023: 22,605)
- 3,500 transactions per second on M-PESA
- Smartphone penetration grew at 12.9% to 22.9 million (FY2023: 10%, 20.3 million)
- 3.64 million 4G devices added on our network (FY2023: 2.26 million)
- 99.95% system availability and incident reduction (FY2023: 99.71%)
- 90% service quality assessment by CA (FY2023: 95%)

Social and Relationship

Stakeholders Impacted

SC Cu IS GR

- Network leadership maintained
- Social value through enhanced connectivity and services in inclusive finance, education and health
- Leading corporate taxpayer in Kenya
- Contribution to realising UN SDGs

With TRADE-OFFS...

... Between our capitals or portions of them

Significant people-related investments in initiatives negatively impacts our financial capital in the short term but positively impacts both the human and, social and relationship capitals, which, over the longer term, enables us to have the people and capabilities required to deliver our strategy and performance targets.

Ongoing investment in business processes and new systems is growing our intellectual capital and indirectly benefiting our human and social and relationship capitals, but negatively impacting financial capital in the short term.

... Over time

Our network infrastructure, data centres, distribution infrastructure and software applications are an important source of competitive differentiation. Investing in building and maintaining this infrastructure requires significant financial capital and appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. Over the long term, the investments in manufactured capital typically generate net positive outcomes.

This infrastructure nevertheless impacts on the environment, and therefore the natural capital of the country.

... Between our capitals and those owned by others, or none

While certain business activities impact our natural capital (for example, use of fossil fuels and related emissions), these positively impact the human, social and relationship and financial capitals.

The addition of devices to our network – an increase to manufactured capital, can have a deleterious effect on the environment through eventual discarded waste.

Our Strategic Approach (continued)

Our approach to stakeholder management

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment

Government and regulators	Provide access to spectrum and operating licences, the basis for creating value. Impose regulatory requirements with potential cost implications.	• Participation in consultations and public forums
		• Submission and engagement on draft regulations and bills
		• Engagements when submitting regulatory returns
		• Publication of policies and research engagement papers
		• Partnering on key areas including education, health, and gender-based programmes.
			• Ensuring the wide spectrum of interests is managed as a strategic resource, contributing to national
			  • broadband access and the digital economy, especially in underserviced and rural markets. Others include:
			  • Promoting opportunities for job creation and socio-economic development
			  • Protecting consumer interests on service quality, costs, and privacy
			  • Regulatory compliance on issues such as mobile termination rates, price, returns, security, safety, health, and environmental sustainability
			  • Contribution to the tax base.
				• Continued to advocate for an enabling regulatory environment through submission of outlooks and comments during public participation exercises.
				• Implemented internal policies and procedures towards ensuring compliance with new regulatory obligations.
				• A successful engagement with the regulator led to the allocation of two New Mobile Network Destination Codes (MNDCs) for bolstering our capacity for customer acquisition and network expansion.
				• Participated in the World Radiocommunication Conference 2023, where stakeholders gathered to collaboratively allocate spectrum for various technologies, while ensuring efficiency and equitable access for all.
				• We continue to be actively engaged in the nationwide rollout of the USF tower infrastructure projects with the readiness for swift activation upon their completion.
				• The industry converged at a negotiated MTR of KShs 0.41 for an interim period of two (2) years down from KShs 0.58 with the guidance from the Regulator.
				• The regulator plans is to undertake another network cost study during the interim period.

Customers	Investing in tools and products that are designed to give our customers variety and control through relevant products and services.	• Call centres, retail outlets and online – MySafaricom app, www.safaricom.com, Zuri ChatBot, messaging and USSD channels • Net Promoter Score (NPS) feedback • Facebook and Twitter platforms • Safaricom PLC website www.safaricom.co.ke • Open days offering customers affordable deals on products.	• Relevant & better value offerings • Faster data networks and wider coverage with the 5G rollout • Making it simpler and quicker to deal and connect with us by using Safaricom self-care services • Launch of converged solutions for business customers with the https://www.business.safaricom.co.ke/products/40-kifarunet • Managing the challenge of data-usage transparency by using tools like My Data Manager and Subscription Manager • Privacy of information & content through Securenet protecting our loved ones through parental control and anti-malware protection; • Feedback on service-related issues via CARE in line with our Customer Obsession agenda.	• Digitise and simplify customer journeys. • Grow number of customers interacting with our digital channels • Enhance data experience by fixing network experience issues • Hustler Fund launch designed to improve financial access to responsible finance for personal, micro, small and medium sized enterprises (MSMEs) in Kenya • Reduction in Fuliza charges with up to 50% price reduction on the Daily Maintenance Fee • M-PESA Go account product for juniors that will drive digital financial inclusion, financial literacy, and ultimate financial health amongst the younger generation.

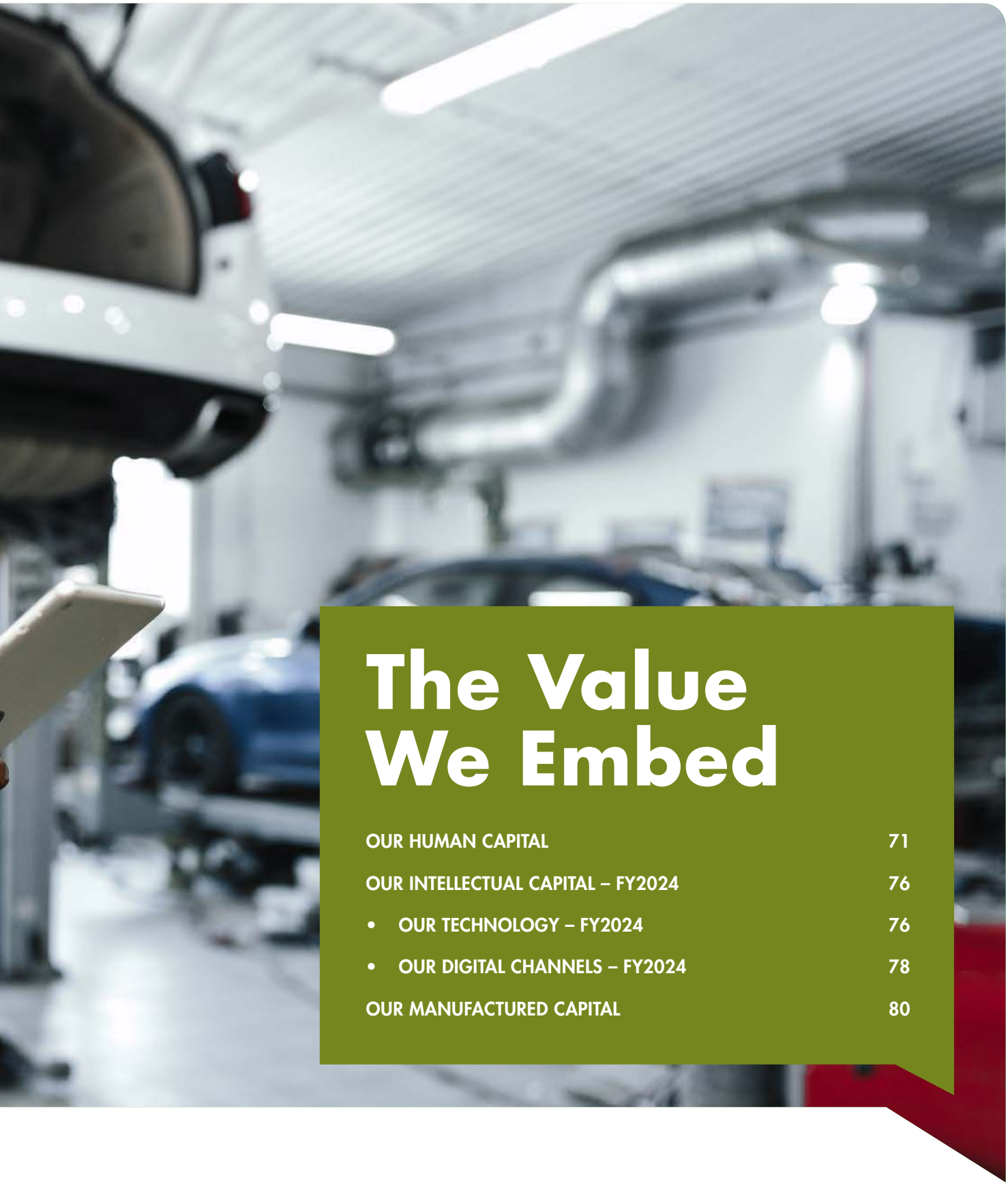
Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
Investors and shareholders	Provide sustainable financial capital required to grow and feedback to inform our management and reporting practices.	• Investor engagements which include roadshows, conferences and meetings • Annual and interim results announcements • Annual General Meetings with shareholders to update them on our business strategy • Investor relations section on the company website.	Sound investment to ensure sustainable growth and risk management and to ensure that we take advantage of the opportunities that arise. Others include: • Responsible allocation of capital and sustainable investment • Sound corporate governance practices • Transparent executive remuneration • Stable dividend policy.	• Maintained a focus on credit, liquidity and capital management • Focused on continued investor engagement with various funds with an aim to strengthen and grow our investor portfolio • Last year during the FiRe awards – overall winner in integrated reporting section • Held the second Investor Day and a first one in Addis Ababa Ethiopia in February 2024 • Successfully paid an interim dividend payment to our shareholders in FY2024 as per the dividend policy.
Employees	Our employees' engagement, determination and skills drive our ability to realise our purpose of 'transforming lives'.	• Internal website • Newsletters, internal magazine and electronic platform communication • Employee surveys • Employee hotline • Leadership coaching and mentorship forums • CEO mailbox.	• Clear career paths through individual development plans and performance reviews to assist in career development • Improved knowledge sharing across the Company • Simplicity, agility and engagement • Building the coaching and mentoring capability of leaders • Better understanding of reward structures • Competitive remuneration.	• Continuous communication, education and awareness forums for all Staff to support personal and financial development • Future of Work – Hybrid Working implementation • Training and upskilling of all staff through Safaricom Business School (SBS) learning • Launch of Industry Digital Talent Programs leveraging on partnerships • Launch of Alumni program • Onboarded 80 early career talent/ management trainees.
Suppliers	Impact on our ability to offer quality and cost-effective products and services and to provide cutting-edge technology.	• Timely payment and fair agreement terms • Supplier engagement forums and ongoing site visits • Audits/verification checks for high-risk suppliers • Annual supplier self-assessment to check on compliance to supplier code of conduct. • Annual supplier NPS to rate how our suppliers perceive and understand our processes as well as get feedback and address gaps. • Quarterly supplier performance feedback sessions • Supplier Day, WIB quarterly forum and Special Interest Group Forums.	• Timely payment and fair agreement terms • Occupational Health and Safety Act compliance • Improving health and safety standards • Partnering on environmental solutions • Timely communication on outcomes on various activities eg. tender process. • Increase in volume of business given • Improve knowledge sharing on understanding of Safaricom's card system and HSW incidents and accidents • Remain accessible to partners for feedback • Feedback on performance • Strategy and general direction and focus of the business.	• Engagements with suppliers are still mostly virtual with few cases of face-to-face interactions. • Virtual sessions enable the reach to our supplier be easier and wider especially for foreign suppliers. • The physical site visits enabled us to engage on a face-to-face level with the high-risk partners and get to understand any challenges they experience when conducting business with us.

Our Strategic Approach (continued)

Our approach to stakeholder management (continued)

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
Communities	Transforming lives through sustainable development initiatives that strengthen the socio-economic context in which we operate.	• Safaricom Foundation partnering with communities • M-PESA Foundation investing in projects with corporate social investment • Public participation in projects and initiatives that give back to society such as the Safaricom Marathon geared towards the Lewa Wildlife Conservancy.	• Access to digital service platforms, mobile voice and data services • Digital Skills Programme • Access to basic services such as finance, health, education, water and environmental conservation. • Investment in infrastructure • Responsible expansion of infrastructure • Safaricom Foundation Strategy 2023–2026 • Foundation co-created community-oriented programmes with partners focusing on three thematic areas: health, economic empowerment, and education. • M-PESA Foundation Medical camps were launched to address healthcare disparities by providing essential medical services to underserved communities in Kenya. • To improve the employability skills of Visually Impaired Youth through access to quality inclusive education and training in innovative digital assistive technologies • Launch Ndoto Zetu Phase VI and the other Philanthropic projects – Pamoja, Usamaria and regional.	• Continued implementation of our 2023–2026 strategy that focuses on health, economic empowerment, education; and has integrated disaster response and access to water and employee engagement. • 3,596,136 people reached with Foundations' initiatives in the period under review • The Safaricom Foundation@20 festivities began on 9 August 2023, with a CEO-led staff engagement event held at Kenyatta National Hospital, with active community participation. • The Free Medical Camps initiative, a collaboration between Zuri Health, and M-PESA Foundation, has successfully conducted 11 medical camps, benefitting 30,258 people. • The Foundation targeted engaging 4,411 employees in various activities by the end of FY 2024. So far 2,464 employees have participated in the various Foundation engagements. • KShs 371 million realised under leveraged in funding education • The Vodafone co-funded Digital Skills Programme supported the renovation of eight teacher-training colleges' ICT laboratories. This will benefit 2,400. The goal is to renovate the 35 ICT centres to benefit at C2 - Safaricom Internal least 35,000 trainee teachers through digital skills. • Wezesha TVET programme was launched on 12 October 2023 in Isiolo County. The programme's goal is to improve access to quality, equitable and inclusive skills and learning opportunities for the youth of Kenya. is being implemented in Nairobi, Isiolo and Marsabit Counties by Catholic Relief Services (CRS). 900 Students are set to benefit from direct scholarships across selected TVETs. • The M-PESA Foundation Academy continued to provide quality education to bright children from poor backgrounds from the 47 counties with an aim to model leaders, doers, and thinkers, with 551 during the year. 568 learners enrolled in various tertiary institutions in 4 cohorts across Australia (4), Grenada (2), Kenya (430), Switzerland (9), UK (80), and USA (43). • The Foundation partnered with Kilimanjaro Blind Trust to enable 200 visually impaired youth to access quality inclusive education. • M-PESA Foundation continues to implement projects under the Citizens of the Future Programme with over KShs 460 million committed to improving learning infrastructure.

Stakeholder Group	Material relationships	Means of engagement	Material interests	How we engaged in FY24/ Adapting to the macro-economic challenges and improving COVID-19 environment
				• Integration of the Foundation's response to the fistula burden in Kenya that aims to restore dignity for Kenyan women and girls suffering with the condition, is still under implementation across the country. A total of 383 surgeries have been performed against a target of 1,000. • The Foundation supported 14,000 community members in Samburu and Kisumu Counties to access food and non-food items. Samburu still faces drought while Kisumu experienced floods. • Launch of the Embu University TVET programme C2 – Safaricom Internal • Continued implementation of medical camps across the 47 counties, and plan for a second phase. • Continued resource mobilisation and strategic partners to increase our scale and impact in the community.
Business partners	A key interface with our customers; they are custodians of our brand and reputation and critical to ensuring our strategy of delivering the best customer experience. They include financial services partnerships, e.g. Visa, M-PESA Global pay, Fuliza and content providers.	• One-on-one and virtual business meetings • Training sessions on new products and services • Market visits.	• Making it simpler and quicker to deal with us • Fair treatment • Involvement of top management.	• Build Partnerships with Tier 1 contractors and other partners for knowledge-building in the WIB community – e.g. Huawei, Cisco trainings. • Strategic partnerships with government to provide digital platforms to Kenyans enhancing service provisions e.g. Hustler Fund, MyCounty App, Women Enterprise Fund • Accelerate the next financial services products under wealth management, insurance, credit merchants, and embedded finance (Buy Now Pay Later) • Continued with market visits to better understand customer needs and issues, to enhance customer experience • Increased collaborations in the market to expand opportunities and implementation of digital platform
Media	Media performs a critical role as the contact point with external stakeholders and keeping them informed of the facts, business developments, new products, services and the impact of our business operations.	• Media releases and product- related publicity • Roundtables • Product launches • Face-to-face and telephonic engagements • Interviews with the CEO and key executives.	• Updated on key activities and offerings by the business • Transparency • Change communication and new products and services.	• Critical role as the contact point with external stakeholders and keeping them informed of the facts, business developments, new products, services and the impact of our business operations.



The Value We Embed

OUR HUMAN CAPITAL 71

OUR INTELLECTUAL CAPITAL – FY2024 76

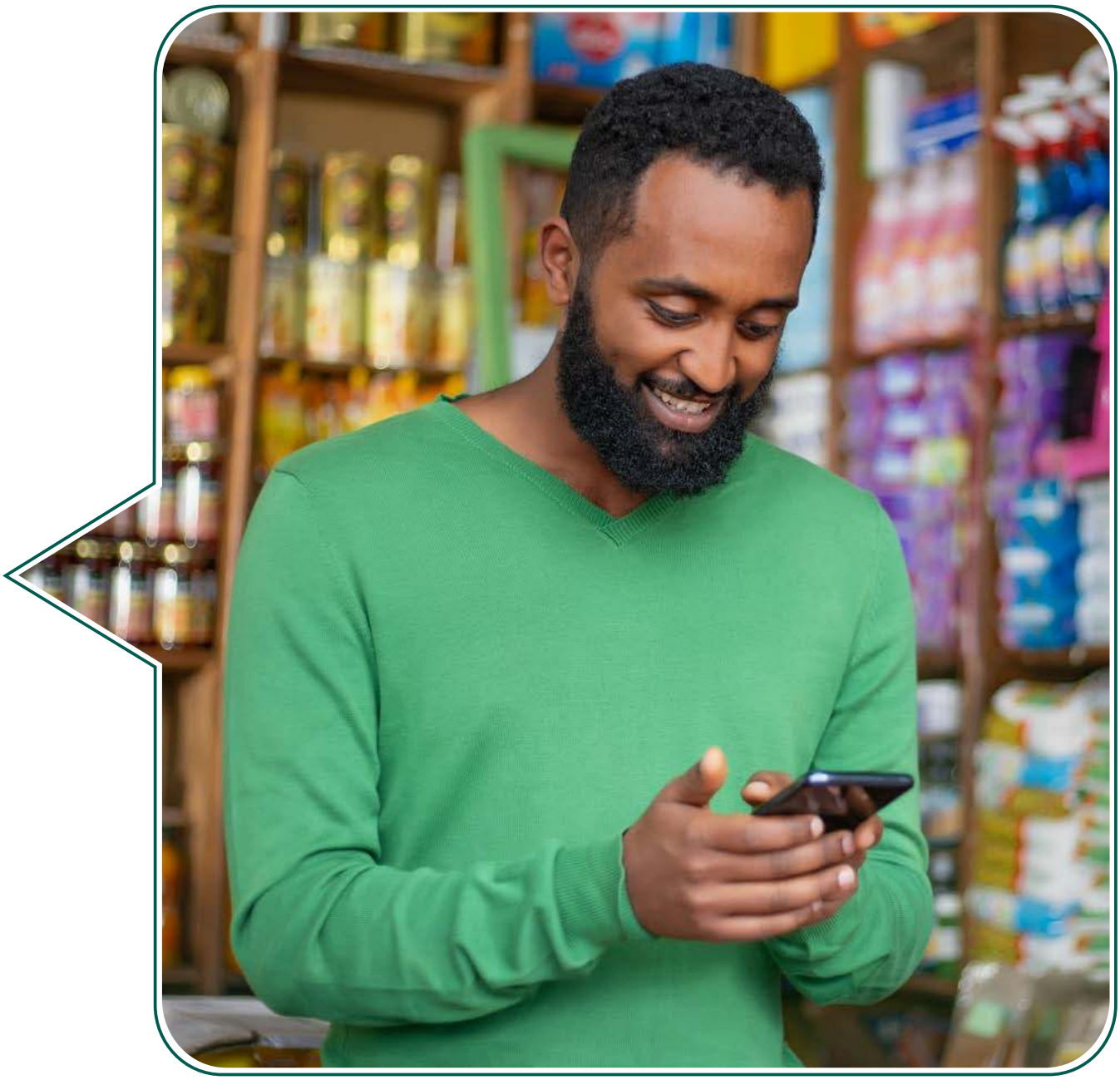
- OUR TECHNOLOGY – FY2024 76
- OUR DIGITAL CHANNELS – FY2024 78

OUR MANUFACTURED CAPITAL 80

The Value We Embed

We strive to continually embed value within our organisation by aligning all our activities with our purpose, mission, vision and values, through the Spirit of Safaricom, Customer Obsession and our agile way of working. Together, these efforts and commitments constitute the culture that helps underpin our strategic pillars, business model, stakeholder relationships and diligent governance, which in turn, enable us to create and deliver value to our stakeholders. At the same time, we reaffirm through this approach, our commitment to making contributions towards the realisation of five of the UN SDGs*.

***For more on sustainability, see page 127.**



Our human capital

Our human capital plays a central role in the way we do business, and in achieving the realisation of our strategic aim of becoming a purpose-led technology company. It also forms an inherent part of our social and relationship capital in mediating our cultural imperative of customer obsession in the Spirit of Safaricom*.

It all starts with our purpose to **transform lives**. *Our aspiration is to be a* **purpose-led technology company** *and for Safaricom to be the best place for our* **customers, colleagues, community and shareholders.**

***For more on the Spirit of Safaricom, see page 22.**

Our staff complement – FY2024

Safaricom Kenya category	Female		Male		Total	
	2024	2023	**2024**	2023	**2024**	2023
Permanent	**2,717**	2,653	**2,830**	2,709	**5,547**	5,362
Temporary	**12**	86	**26**	106	**38**	192
Contractors	**-**	–	**-**	–	**189**	153
Total	**2,729**	2,739	**2,856**	2,735	**5,774**	5,707

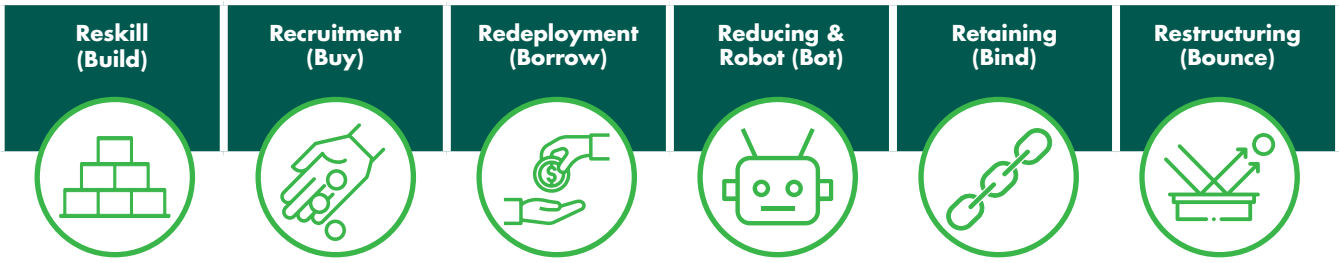
Our employee philosophy – The Spirit of Safaricom

Our employee philosophy and management approach is anchored by our talent principles:

- Every person is viewed as talent and can grow and develop
- We focus on capability not role
- Our top leadership will own identification, development, growth and retention of talent
- With proper development, employees identified as top talent, accelerated talent and successors should become future leaders
- Diversity and inclusion are both good for our business and the right thing to do
- Growing our impact means:
  - Owning the things that matter to drive growth across our business and deliver for our customers, communities and teams
  - Identifying and working through challenges, assessing options and finding simple ways to move forward
  - Being exceptionally effective at achieving impact goals and role-modelling Spirit behaviours
- The quality of our people managers is key to success – the development of trusting and empowered managers who motivate, engage and coach their people makes the difference
- To build depth and breadth for critical experiences, we will provide mandatory functional, cross-functional and cross-market moves for talent.

Our approach to talent

Our approach to talent is based on six relationship-building (RB) aspects:



The Value We Embed (continued)

Our human capital (continued)

Our culture

Our main effort during the year under review was to bring the Spirit of Safaricom to life in the way we lead and own our mission. We characterised this as Bringing the Spirit Soul Back, an initiative that is predicated on consistent commitment from leadership through role modelling and ownership of each team's mission and transformation journey. This ongoing effort includes:

Mindset

We have consolidated all employee engagement communication and engagement under the #Living the Spirit tagline to excite the organisation and deepen understanding and ownership of the Spirit of Safaricom. We are also focused on socialising, as well as deepening understanding and ownership of our Leadership Charter for all people leaders. In addition, we have put significant effort into driving ownership and excitement in Agile and customer obsession through various initiatives such as:

- Weekly staff webinars, of which the majority are focused on the Customer Story
- Vodafone group hackathons
- Agile bootcamps
- Productivity sessions
- Safaricom CEO Heroes Event

We also undertook the embedding of purpose through the Doing Good campaign, with staff participating in corporate social responsibility (CSR) activities across the country as the Safaricom Foundation celebrates 20 years of support for society.

For more on the Safaricom Foundation, see page 123.

Skillset – Leadership development

To promote the delivery of our mission we continued to upskill and reskill our leaders through the Transformational Leadership Programme. This programme is aimed at creating a common language of mission and spirit performance across the organisation through:

- Purpose – Ensuring clarity on our priorities and actions to grow faster
- Customer Obsession – Being bold in attacking complexity, making it simple for our customers to choose us
- Innovation – Driving results, finding new ways to deliver an impact
- Collaboration – Developing talent and holding others to account.

Phase 1 was completed during the year, with 818 leaders participating. Phase 2, while completed for some teams, remains ongoing with 377 participants.

We also hosted quarterly leadership mentorship sessions through the leadership forum, with the last three sessions focused on leading change and mental wellness. We have identified leading change as essential for all leaders as Safaricom transitions to become a Technology Company. It is to ensure the wellbeing of our leaders that we facilitated the mental wellbeing sessions. These contribute towards awareness of the support to which leaders have access through our Employee Assistance Programme.

Toolset

This involved defining the Leading with Spirit Framework that incorporates Spirit elements in how we lead – that is, leading with spirit. This framework clearly maps the leadership behaviours, competencies and traits that every leader in Safaricom needs to model. The framework itself is clarified for leaders through functional engagement sessions.

We have also included the framework in the refreshed performance management "Grow my Impact" framework defining the "How" of achieving our mission in order to strengthen leadership performance and succession. We track the outcome of the framework through our SEMA Survey metrics.

Our staff complement

During the year under review, through collaboration with key stakeholders, we continued to consolidate our effort towards enhancing our diversity, equity, and inclusion (DEI) agenda.

Category	FY2024	FY2023	Target
Females in leadership	• 42.1% (+5.0%) • 2.6% growth in heads of department (women) • 1.5% growth in Senior Managers	40.1%	45%
Women in tech management	28.6% (+1.5%)	27.1%	N/A
Staff with disabilities	3.3% (+0.2%)	3.1%	3.5%

Measuring our progress

This is done through an annual SEMA staff survey. We conducted our annual SEMA survey in May 2024, with 5,518 employees participating and a 96% response rate, (FY2023: 93%) and translating into a 3% increase on the 2024 Annual survey.

The intent of the annual survey was to measure the progress of the actions taken following the Annual survey and to create a baseline for any emerging new issues.

The survey measured themes related to employee experience, in addition to capturing views on:

- The Spirit of Safaricom
- Customer Obsession
- Digitalisation
- Leadership
- Progress on becoming Agile and fully digital
- Key focus areas around:
  - Thrive (well being)
  - Customer Experience
  - Career Development

Overall, 15 out of 20 themes showed improvement over the Pulse survey with all scores above 60%.

Response Rate

96%

2024 Annual Survey: 93%
Global WTW average: 78%
High Technology average: 80%
High Performance average: 85%

Engagement

82%

On Par with Kenya Norm
+5* vs High Technology Norm
+2* vs High Performance Norm

Customer Obsession

87%

+7 vs 2023
-4* vs Kenya
+3 to High Tech
-2 to High Performance norm

Intentional action planning has led to significant improvements

15/20

comparable questions have significantly improved

Engaging with our employees

We utilise various platforms to enable engagement with our employees, and individual teams are free to adopt what is feasible for them. These platforms include live broadcast, townhall sessions at divisional level, cluster level sessions, monthly divisional fun sessions with purpose defined as Fun @ work, digital platform engagements among others.

Feedback and action-planning take a bottom-up approach with ownership allocated to Culture Champions and survey leads, who hold full responsibility for monitoring and reporting as well as for engaging with top leadership for appropriate sponsorship support.

Skills development and training

Our talent strategy has been designed to scale the delivery of diverse talent and future-ready skills in order to embed the Spirit of Safaricom. Our ambition is to ensure we deliver:

- Diversity: Females in leadership at 42%
- Persons with disabilities (PWD) at 3.5%
- Succession cover for leadership roles at 75%
- Retention of critical talent in Fintech, Cyber and Big Data at less 5% turnover
- An employee value proposition (EVP) that will make Safaricom the #1 Best Place to Be

To this end, during the year under review, we deployed a multi-year capability strategy on multiskilling and reskilling enabling the adoption of the *1 More Skill* campaign on 14 prioritised digital skill areas.

Our learning philosophy is anchored on the 70-20-10 approach, where:

- 70% of learning occurs on the job through challenging experiences, projects and assignments
- 20% occurs socially through coaching and mentoring
- 10% through instructor-led learning

This has resulted in significant cost savings, with total training investment for FY2024 standing at KShs 112 million.

The Value We Embed (continued)

Our human capital (continued)

Measuring our performance – FY2024

Focus	Key numbers
Employee survey	• 72% of our staff believe their career goals can be met and achieved at Safaricom • 78% of our staff have the opportunity to grow and learn at Safaricom

Safaricom Digital Academy	• Five cohorts admitted to date, comprising:
	  • 561 employees, of whom 100% have been redeployed to support Agile
	  • 55 still in training
	  • 4,498 employees (79%) of staff complement completing Agile 101 courses
	  • 150 employees certified in Agile-related courses

Safaricom Grow platform	• Upskilling/reskilling and multiskilling employees in functional and leadership areas with the aim of building careers • 79% of our employees' individual development plan realised • Over 100,000 were completed with at least 78% of our employees having completed a digital learning track with an average of 41 learning hours per employee • 23,000 functional courses completed • 2,310 employees attend instructor-led training sessions • Upskilling of 80% of employees on Service Culture

Amazing People Leader Programme	• 75% of leaders trained on Creating Psychological Safety:
	  • Influencing through Trust
	  • Performance Coaching
	  • Building Adaptive and Innovative Leadership
	  • Developing a Growth Mindset
	  • Leading Change

Transformational Leadership Programme	• 818 leaders trained achieving:
	  • 100% training effectiveness
	  • Overall NPS score of 9
	  • Manager Index at 88

Successor readiness

We are currently at 75% successor readiness for our critical roles. Talent reviews have been set up to provide each business unit (BU) an opportunity to review and analyse its talent and to put together specific action plans to address talent gaps and shortages; as well as to retain critical talent. Analysis of succession gaps in key leadership roles enables us to put plans in place to mitigate against the impact of these gaps on delivery of business results.

Measuring our employees' performance – FY2024

With the Company transitioning to agile ways of working, there is now more focus on specific business outputs and contributions as opposed to leveraging on role profiles.

Our Agile Contribution Model supports our new ways of working. Moreover, we have embraced agility through four components aimed at supporting collaboration, flexibility, growth and craftsmanship, with a bias for doers:

- Contribution-based career model
- Performance management model
- Employment contracts
- Remuneration and incentive model

Key performance indicators (KPIs)

Our Agile people mode ensures that all job profiles are linked to specific business KPIs. Each role has a mapped contribution level aligned with Craft, People and Mindset, Business and Customer.

Each employee is assigned Objective Key Results in line with the overall business mission. These are documented and reviewed through:

- Regular weekly retrospect meetings
- Monthly check-ins
- Quarterly business reviews
- 360 Review sessions
- Bi-annual and annual reviews

Following the launch and adoption of the agile people model, our agility index stands at 78% with a target of 80% in FY2024.

Performance development – Grow my impact

Grow My Impact is the new approach to performance development that we have adopted. It is underpinned by our Spirit behaviours and seeks to unlock and enable a high impact performance and learning culture.

Every employee has Impact Goals set as specified tasks as per the mission, as well as a Grow Goal – an individual development plan aligned with our agile contribution model themes of:

- Business and Customer
- People and Mindset
- Craft

This has achieved great synergy in enabling growth for both business and employee.

Employee health and wellness

Our mission is to ensure that no-one is harmed, either directly or indirectly, because of our business operations. Accordingly, we have put in place measures, including a strategic plan 'safety, health and wellbeing (SHW)', incorporating various preventative strategies to ensure that throughout our business operations, we minimise the risk of harm or injury, to create a secure environment for all. Our SHW plan is to foster safety leadership and culture that sets a "zero-harm" and "no one gets hurt" tone from the top.

During the year under review, employee safety, health and wellbeing continued to be a priority for the Company. While management of occupational road risk (ORR) remained our key risk area, risk management of our top safety, health and environment (SHE) risks, including supplier engagement and management, occupational health and wellbeing and community safety, ensured that we comprehensively addressed our risk areas. Moreover, the implementation of SHW strategy enabled us to achieve yet another fatality-free year of operations.

Our SHW strategic priorities

Our achievements in health and safety spanned our five strategic priorities of:

- Visible felt leadership
- Occupational road risk management
- Occupational health and wellbeing
- Supplier engagement
- Community safety

with notable successes including:

- Zero fatalities
- Three external awards, two CEO awards
- Advancing of our safety culture from Level 2 to Level 3
- Attainment of SHW country plan objectives
- Recertification for ISO 45001 to meet international best practice
- Legal compliance with all statutory obligations

HR policies and processes – FY2024

During the year under review, we instituted harassment advisors with the aim of embedding psychological safety and an environment free of bullying. The aim is to cement a workplace in which employees feel able to speak out, and where innovation is encouraged without the fear of proposing the wrong thing. Employees are reassured with the concepts of "fail fast" and "fail forward" to stimulate and expedite execution and turnaround time for projects. We believe that psychological security also enhances collaboration, which in turn improves outcomes.

HR Caravan Series

The HR Services Awareness programme #Caravan Series is designed for engagement and interaction between all Safaricom Staff and HR. This programme has enabled the HR team to address staff queries and demystify the role of the Resources Division in supporting the business in achieving its mission. During the Caravans, we unpack existing policies, procedures, programmes and practices, thereby enhancing employee experience.

The drivers for these Caravans include shifts and new developments in our operating model, including:

- Our strategic goal of becoming a purpose-led technology company by 2025
- Our agile transformation and customer obsession efforts
- New ways of working occasioned by the aftermath of the COVID-19 pandemic

The programme was devised out of our recognition that there was a need to re-connect, re-engage, and re-energise the teams. We are committed to continuing the engagements to ensure we cover all the chapters in Resources Division.

During the year under review, we ran a series of these virtual Caravans with the themes of:

- Talent and resourcing
- Health, safety and wellbeing
- Total reward
- Financial wellbeing
- Spirit of Safaricom

The Value We Embed (continued)

Our intellectual capital – FY2024

Our technology – FY2024

Part of these capitals

Informed by these strategic pillars

Impacting these stakeholders

Cu SC

Supporting these UN SDGs

Our operational overview

- We entered into nine strategic partnerships with the government, including one under contract with the Ministry of Health
- For customers we reduced technology demand by 44%
- Led NPS scores by more than 10 points ahead of our competitors in:
  - Fixed: 61
  - Network: 78
  - Enterprise: 43

Our strategic objectives

- **Lower the cost-to-serve,** to allow for assessment of product and service cost and understanding of Safaricom's cost-to-serve/cost-to-carry
- **Delivery of segmented low-cost product interventions** – To help attract and maintain customers whose disposable income has been depressed by challenging social and macro-economic conditions
- **5G capability** – To trial the 5G core and accelerate 5G rollout
- **Drive Innovation and New Product Development**
- **Fostering tech-co capabilities** – supporting the Decode 2.0 event that brings together the digital engineering community to ensure we have an enriched pipeline of talent across the industry that will play a key role in the positioning of Safaricom as a technology partner of choice for enterprises and the government
- **Embrace Secure and Sustainable Technology Solutions**
- **Digitisation** – Improving service delivery, efficiency and savings on man-hour costs

Measuring our performance

Target	How we performed	Status
Enterprise Revenue KShs 65 billion	KShs 55.18 billion at February 2024	
To be recognised as technology partner of choice in Government	Nine live, one initiated	
Implement Operation Excellency on Capex and Opex	IT opex: KShs 3.62 billion Network opex: KShs 18.93 billion Capex at KShs 47.47 billion	
Network NPS >80 (Connectivity and data)	#1 at 78 (15-point lead)	
Customer pain reduction (tech-driven demand)	44% reduction, 14% within monthly target	
A cyber-security score of 4.0	Cyber Security baseline (CSB) at 3.96	
Health, safety and wellness (HSW) – zero fatalities, HSW Maturity Level 4	Level 3 – advancing	
Five home-developed solutions commercialised externally	Five solutions developed	
800 5G sites	803 5G sites as at March 2024	

Achieved or on track | Partially achieved | Not achieved

Our key investments

Our total capital expenditure for the year amounted to KShs 22.5 billion

- Limuru Data Centre Build
- Over 700 sites upgraded to 5G technology
- Phase I CBS refresh
- 1,000+ 4G upgrades
- Fixed – 92K+ homes passed
- Support for the migration of government services to our internal Cloud

The challenges we faced

- Rising cost of fuel – solarising of sites to meet at least 20% of demand
- Forex depreciation – Local currency payment to all services offered locally

In addition we made several enhancements including investing in a data privacy protection tool that will assist in the discovery and protection of our PII data.

The risks we have identified

Although many positive impacts are attributed to recent technological changes, over the longer term, technological advances, including generative AI, will enable a range of access to an extensive breadth of knowledge that will underpin the conceptualisation and development of new disruption and malware tools.

Area of risk or impact

- **Our CVP:**
A major failure in critical network or information technology through natural disasters, insufficient preventative maintenance, or malicious attacks, would have a profound impact on our customers and business partners.

What we do in mitigation

- Comprehensive business continuity and disaster recovery plans in place
- Investments in cutting-edge technologies to ensure adequate redundancy capabilities and elimination of any single point of failure
- Implementation of ISO 22301 Business Continuity Management System maintaining certification by British Standard Institute (BSI) since 2014

For more on our management of risk, see page 50.

CSI

As part of our commitment to responsible corporate citizenship, we supported:

- The Safaricom Foundation in 20 initiatives
- Customer service week

For more on the Safaricom Foundation, see page

Looking ahead

In the short-, medium- and long-term we will need to address:

- Increasing fraud within financial services sector as we seek to ensure the security of customer funds and the education of customers so that they can identify social engineering tactics by fraudsters
- Early loading of budgets to ensure that equipment and hardware are purchased early, to facilitate sound planning
- Prior itising of *Tech for Good* initiatives to increase our NPS and foster the realisation of the Safaricom Purpose of transforming lives
- Sustainable business through investments in new growth areas such as health-tech and agri-tech.
- Capacity-building of staff through tech certifications in growth areas to capacitate our employees
- The retirement of 3G technologies in the medium term and 2G in the long term while taking into account the challenge of legacy mobile phone sales in the market, an issue which Safaricom cannot contain alone
- The entry of new players such as Starlink into the market, thereby increasing competition to our enterprise and fixed products
- Currency fluctuation, which has the capacity to impact our capex, as a significant portion of our radio network spend is in foreign currency

The Value We Embed (continued)

Our intellectual capital – FY2024 (continued)

Our Digital Channels – FY2024

Part of these capitals

Informed by these strategic pillars

Impacting these stakeholders

Cu IS E SC

Supporting these UN SDGs

Our operational overview

The Digital Channels tribe is part of the Channels Division, and our specified tasks for the year under review were to:

- Grow APP, Web, ZURI (BOT), USSD and IVR usage (Monthly Active)
- Digitise channels organisation
- Implement the *Single View Of Customer* platform
- Facilitate cost efficiencies through digitisation
- Ensure fit-for-purpose Channels organisation

Our strategic objectives

Our strategic objectives shifted during the year under review from growing digital channel and self-service usage to digitising more of our trade operations and activities, this translated into the imperative to:

- Digitise Customer Journeys in order to deliver an advantaged omni-channel route to customer by end of FY24, with a key focus on:
  - Digitising trade and partner ecosystem operations and visibility through relevant reports
  - Growing digital channel usage on App, Web and Zuri
  - Growing digital transactional net promotor score (tNPS)

Measuring our performance

KPI	Actual Performance
Grow total self-service interactions	564,000
Grow monthly web (safaricom.com) users	730,000
Single View of the Customer (Unified Front-end) deployment	New portal deployed
Digital channel tNPS	36
Demand reduction	2,800 calls reduced
NLP – Smart IVR	38 journeys developed
Device financing – Lipa Mdogo Mdogo enhancements to grow 4G attachment	5 new devices added System stabilisation done
Partner portal/Dealer portal	Converged 17 portals
	Automated 13 dealer reports
New Jiandikishe app	Deployed new Jiandikishe App

Our key initiatives

Demand deflection:

- Enhancement of existing menus on IVR, USSD and ZURI, and stabilisation of the service
- Unassisted contacts grew by 23% (425K to 519K) YTD

MySafaricom partner app:

Deployed on production with:

- Three key journeys
- Acquisition
- SIM swap
- KYC update

Single View of the Customer

Tolled out and fully scaled, with:

- More than 2,600 frontline customers onboarded
- Commencement of environment build-up for in-house portal with subscriptions page

MySafaricom partner portal

- Converged 17 portals into one unified portal to create efficiency of interaction with our partners
- Created 13 dealer reports

The challenges we faced

- **Regulatory Changes** such as those pertaining to our unified send money journey for which we needed to reprioritise our squad priorities and deliver on key changes through Agile ways of working
- **Fraud** – Increased instances of fraud attempts were identified throughout the year. This risk was mitigated by enhancing the security of our digital touchpoints and enhanced encryption

Looking ahead

In the short term we will be working to digitise commercial operations' customer journeys in order to deliver an advantaged omni-channel route to our customers. This will entail:

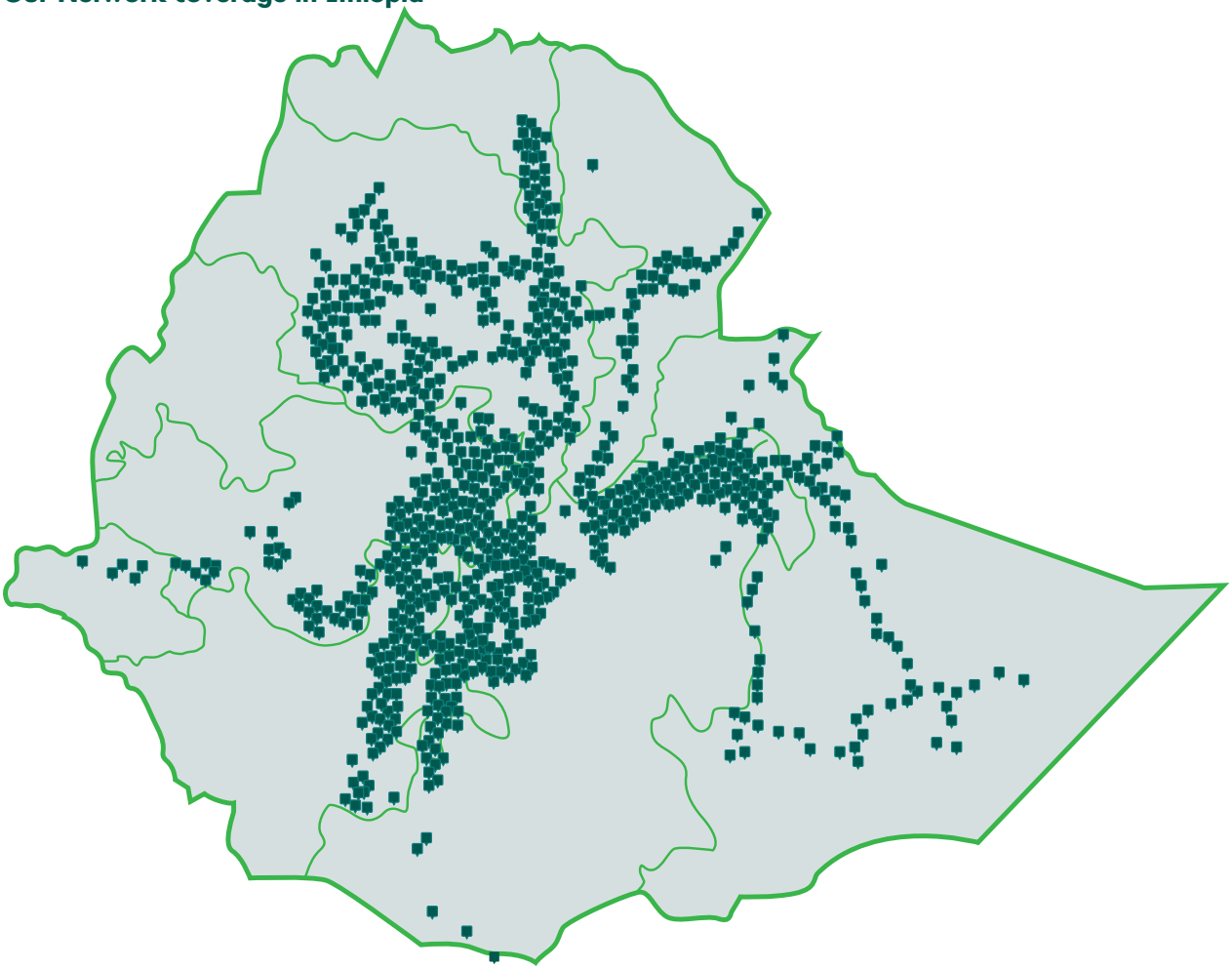
Specified tasks	Implied tasks
Delivering superior customer experience	• One-App development/ support digital-first strategy • Launch NLP enabled IVR (voice) to customers and Zuri (chat) • Gen AI platform migration
Digitising our commercial operations touchpoints	• Accelerate market rollout for the new Jiandikishe app and grow usage • Scale franchise SIM-swap journey on Jiandikishe app • New commercial terms implementation and PINless airtime sales on dealer portal • Franchise POS rollout
Delivering a seamless omni-channel experience for frontline teams	• Stabilisation of the SVC/Unified front-end to grow activity and user NPS
Building a fit-for-future Agile organisation	• Establish a Channels IT system

The Value We Embed (continued)

Our manufactured capital

Our network footprint and sites

Our Network coverage in Ethiopia



17,000 km
Cumulative fibre-optic footprint
21.4%
(2023: 14,000 km)

371,989
Residential homes connected to fibre-optic network
34.9%
(2023: 275,657)

KShs 93.5Bn
Capex Investment in Kenya and Ethiopia
2.7%
(2023: KShs 96.1Bn)

560,261
Homes passed by fibre
20.3%
(2023: 465,558)

Digitising Kenya

Launched the First-of-its-kind Smartphone Assembly Plant in East Africa

State-of-the-art East Africa Device Assembly Kenya Limited, located in Athi River, launched in October 2023 to manufacture:

- 4G-enabled Neon 5, Smarta and 6½ Ultra
- Additional devices to diversify the product range over time
- 3 million units annually

Benefits:

- Employee creation
- Affordable smartphones
- Customised and fitted with relevant local Apps

In partnership with a consortium of Local Mobile Network Operators (MNOs) and international device manufacturers.

Production capacity:

Capacity to produce up to 3Mn mobile phone units annually.

The Assembly Plant Launch officiated by the President of Kenya H.E. Dr. William Samoei Ruto on 30 October 2023.

The Commercial Value We Deliver

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The Commercial Value We Deliver

Our operating environment

The global economic picture

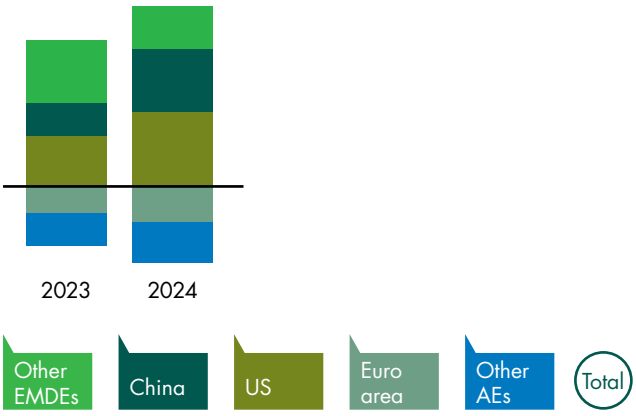
During the year under review, the world economy showed resilience despite monetary tightening, an increase in geopolitical conflicts and greater economic uncertainty. In several developed and developing countries, economic growth exceeded expectations, with labour markets supporting consumer spending, global inflation showed a significant decline with lower energy and food prices, allowing central banks to slow or pause interest rate hikes.

On the demand side, stronger private and government spending sustained activity, despite tight monetary conditions, while on the supply side, increased labour force participation, re-established supply chains and cheaper energy and commodity prices contributed to easing of conditions, despite renewed geopolitical uncertainties and conflict in the Middle East.

Global growth forecast

World real GDP growth revision

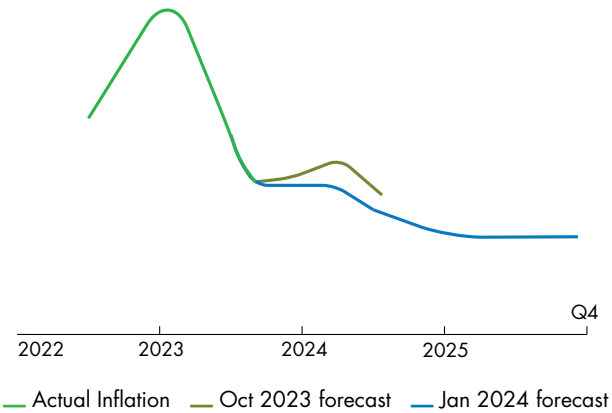
(vs. Oct 2023 WEO; percentage points)



Sources: IMF, World Economic Outlook; and IMF staff calculations.

Global headline inflation

(percentage; quarterly; y/y)

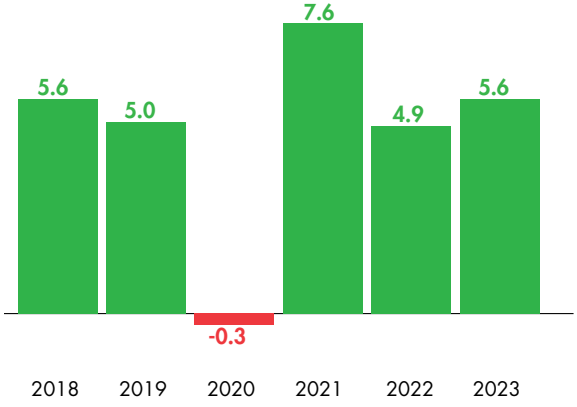


Sources: IMF, World Economic Outlook; and IMF staff calculations.

The domestic picture

After Kenya's strong rebound from the COVID-19 crisis at 7.6 percent in 2021, and GDP growth of 4.9% (revised) in 2022, economic performance bounced back to 5.6 percent in 2023, driven by a recovery in the agricultural sector.

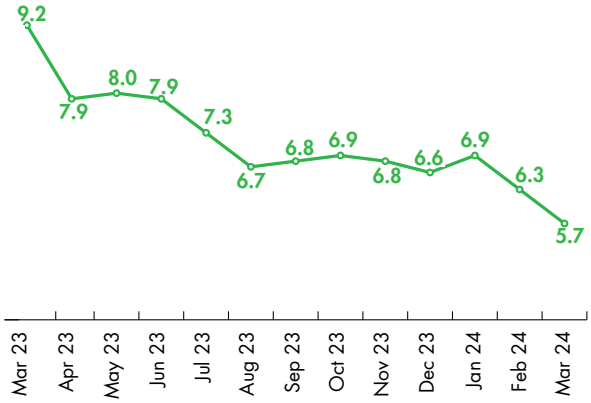
GDP growth rate (%)



Source: KNBS

Inflation declined to 5.7% in March 2024 from a high of 9.2% in March 2023 due to a significant decline in fuel and food prices. Credit growth in the private sector stood at 7.9% in March 2024 while the Non-Performing Loans (NPL) ratio for the entire banking sector rose to 15.7% during the same month. The country also saw high interest rates and a tight monetary policy, with the Central Bank Rate (CBR) at 13.0% in March 2024 (cumulative increase of 3.5% since March 2023).

Inflation rate (%)



Source: KNBS

Increased regulatory oversight by the Data Protection Commissioner

The office of the Data Protection Commissioner increased compliance oversight in the industry by issuing several penalties during the year under review, for those posting pictures and videos of both adults and minors without their consent.

In addition, in February 2024, Central Bank of Kenya (CBK) directed the industry to discontinue all services that allowed payments to unregistered numbers. This has enhanced compliance in AML monitoring and KYC requirement in the industry.

Nonetheless, the year under review saw a generally supportive regulatory environment. While there was a reduction in excise duty on telephone and internet data services, we also saw:

- A reduction in mobile termination rates (MTR)
- Increased excise duty rates on mobile money transfer services
- The introduction of a housing levy

The Finance Act 2023

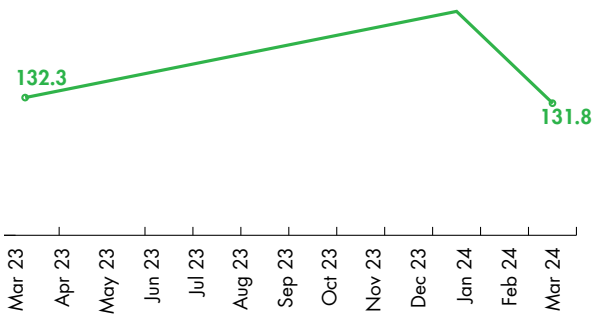
This piece of legislation than came into force in July, and includes the zero-rating of VAT on exported services that was previously impacting pricing on wholesale services from Kenya to the region. The act also zero-rated VAT on locally assembled devices and zero-rated excise duty for inputs required to assembly handsets.

Kenyan economic developments

Customers experienced a decline in food prices, although their constrained purchasing power impacted business across the economy, exacerbated by an increasing cost of borrowing, high energy tariffs and volatile fuel prices.

The Kenya shilling strengthened by 15.5% against the US dollar in the first quarter of 2024 compared to a depreciation of 26.8% in 2023, mainly supported by increased dollar inflows into the country after the Eurobond issuance by the government. In February 2024, the country raised US$1.5 billion in a new Eurobond to partly meet the maturity of the US$2 billion sovereign bond that matured in June 2024.

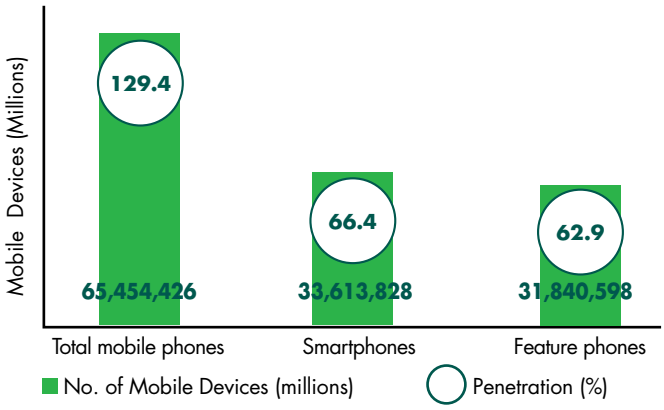
USD/KShs exchange rate



Source: Central Bank of Kenya (CBK)

Kenyan mobile network devices

During the second quarter of the year under review, the number of mobile subscriptions dropped from 67.1 million in the previous quarter to 66.7 million. This was attributable to high churn with respect to acquisitions with the mobile penetration rate declining by 0.8 percentage points to 131.9%.



Total mobile phone devices stood at 65.45 million as at 31 December 2023 translating to device penetration rate of 129.4 percent. Penetration rates for feature phones and smartphones stood at 62.9 percent and 66.4 percent respectively.

Source: CA Sector Statistics Report Q2 2023/2024

Our competitive landscape

There were 65.45 million mobile phone devices owned in Kenya as at 31 December 2023, a number that translates into a device penetration rate of 129.4%. Penetration rates for feature phones and smartphones stood at 62.9% and 66.4% respectively.

Indicator/Period		Q2 (Oct–Dec 23)	Q2 (Oct–Dec 22)	Yearly Variation (%)
Mobile Network Services				
Subscriptions to Mobile Services	Total mobile (SIM) Subscriptions	66,745,709	65,737,164	1.5
	Machine-to-Machine (M2M) Subscriptions	1,515,338	1,510,236	0.3
Mobile Money Transfer Services	Number of Registered Mobile Money Agents	327,162	318,607	2.7
	Mobile Money Subscriptions	38,002,803	38,645,654	-1.7
Mobile Data and Broadband Subscriptions	Mobile Broadband Subscriptions	36,518,744	31,888,468	14.5
	Mobile Data Subscriptions	51,015,188	47,760,337	6.8
Mobile Phone Devices	Feature Phones	31,840,598	33,618,061	-5.3
	Smartphones	33,613,828	29,742,690	13.0

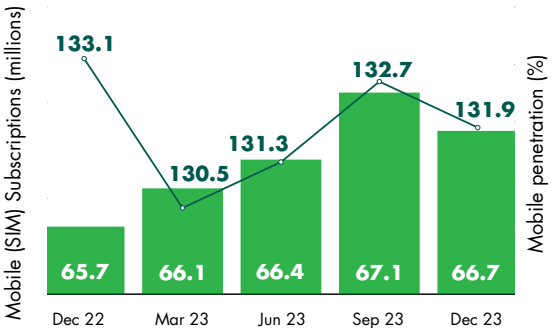
Source: CA Sector Statistics Reports: Q2 2023/2024 and Q2 2022/2023

The Commercial Value We Deliver (continued)

Our operating environment (continued)

Our competitive landscape (continued)

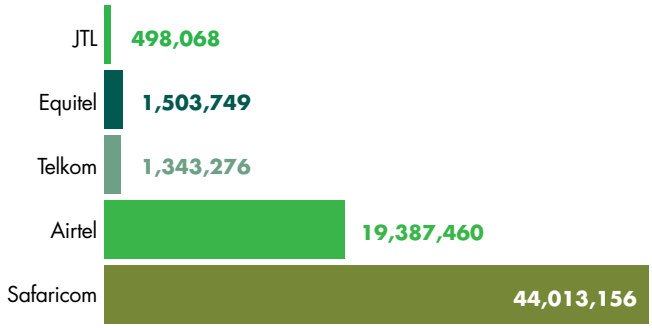
Number of mobile (SIM) subscriptions and penetration rate

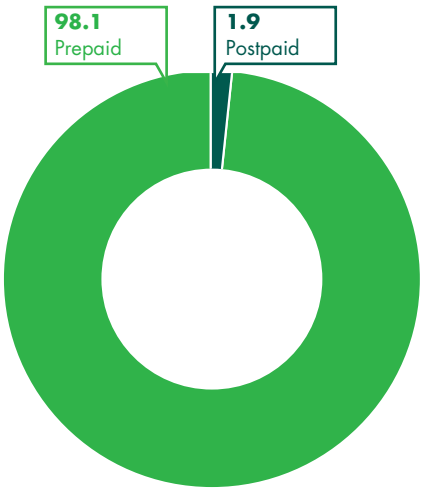


Source: CA Sector Statistics Report Q2 2023/2024

Number of mobile (SIM) subscriptions per contract type

Mobile subscriptions per operator

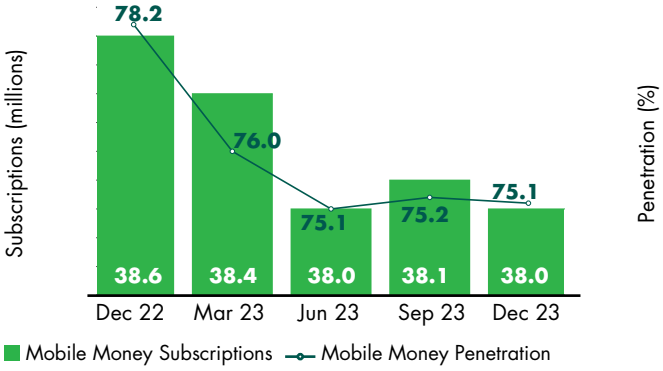




Source: CA Sector Statistics Report Q2 2023/2024

As of 30 December 2023, mobile money subscriptions fell, standing at 38.0 million, which reflects a penetration rate of 75.1%. This decline was attributed to the fall in the of number of mobile subscriptions.

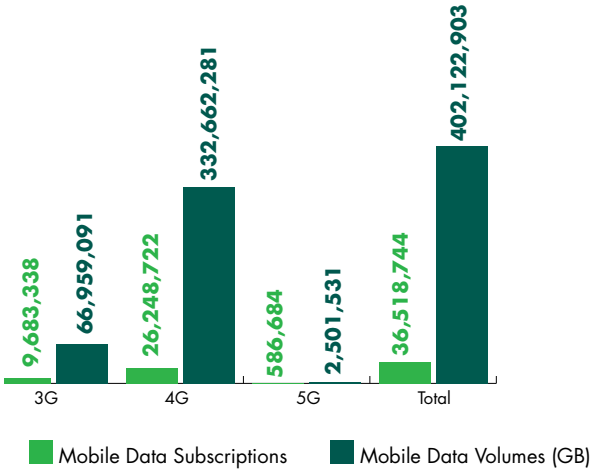
Mobile money services



Source: CA Sector Statistics Report Q2 2023/2024

During the year under review, 4G technology continued to gain popularity among mobile data services consumers, contributing up to 51.5 percent of total mobile data subscriptions. Mobile data volumes within the 4G network accounted for 82.7% of total data volumes. network population coverage of 4G currently stands at 97%, with 2G and 3G still ahead at 98%.

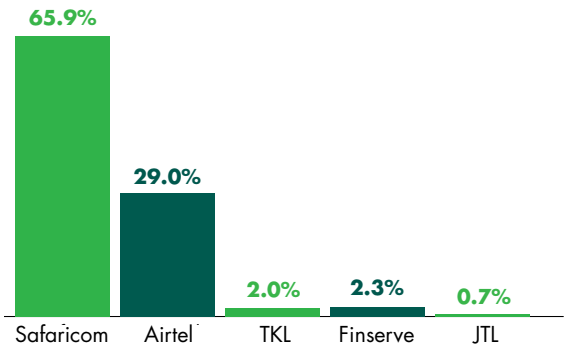
Mobile broadband subscription and consumption



Source: CA Sector Statistics Report Q2 2023/2024

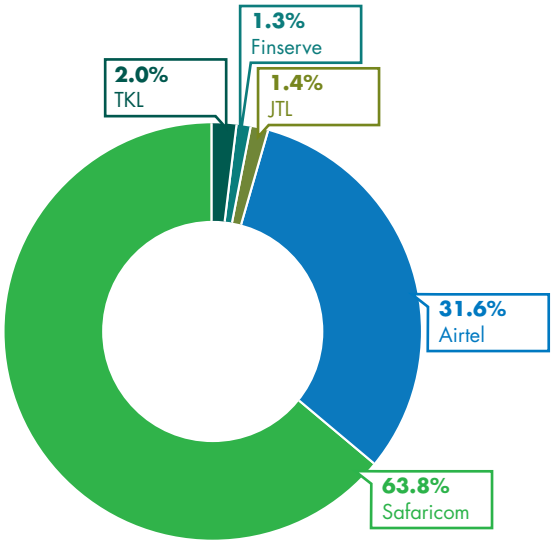
Market share in mobile services subscriptions

Mobile (SIM) subscriptions

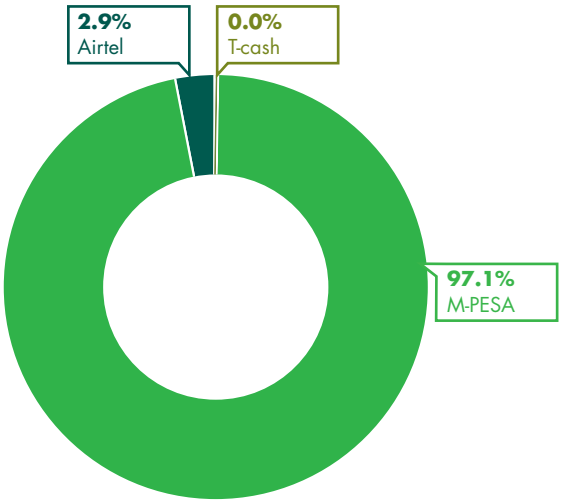


Source: CA Sector Statistics Report Q2 2023/2024

Mobile Broadband subscriptions



Mobile money subscriptions



Source: CA Sector Statistics Report Q2 2023/2024

The Commercial Value We Deliver (continued)

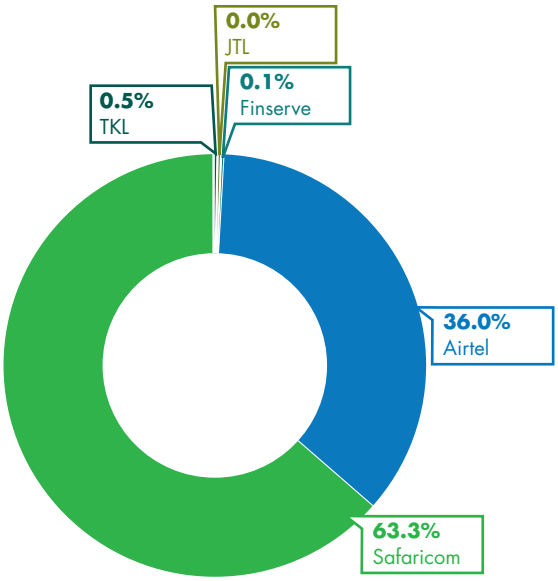
Our operating environment (continued)

Our competitive landscape (continued)

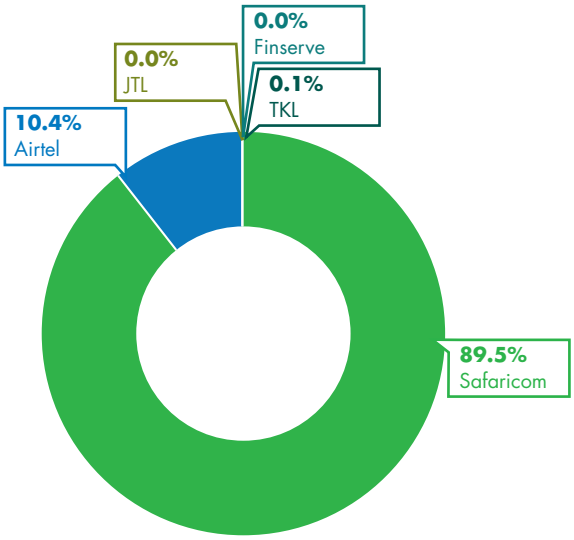
Domestic mobile and SMS market share

While there was intensified competition, we maintained our customer market-share at 65.9% (from 65.7%) by end of December 2023.

Voice



SMS



Source: CA Sector Statistics Report Q2 2023/2024

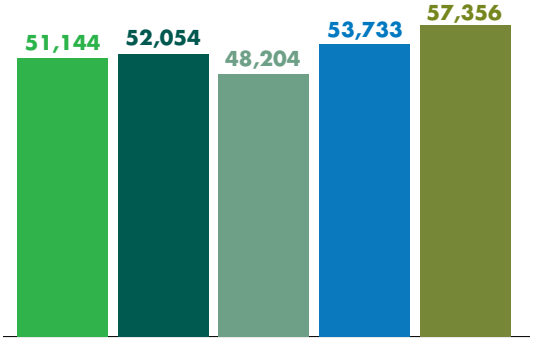
Fixed voice subscriptions

Competition within the fixed connectivity space continued to evolve as medium-sized players gained ground in key urban and residential areas through low-cost, medium-speed propositions.

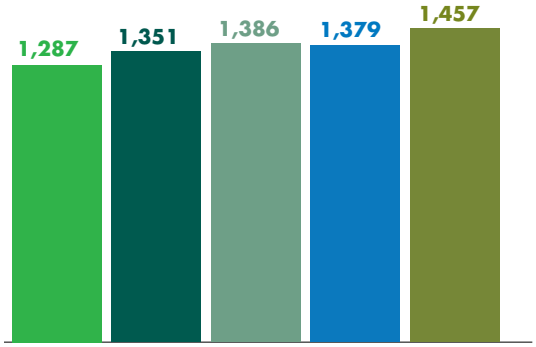
Fixed voice VoIP subscriptions grew by 6.7% in Q2 of 2023, reflecting an increase of 11.5% from Q1.

Our voice market-share declined slightly from 64% to 63% for the same period.

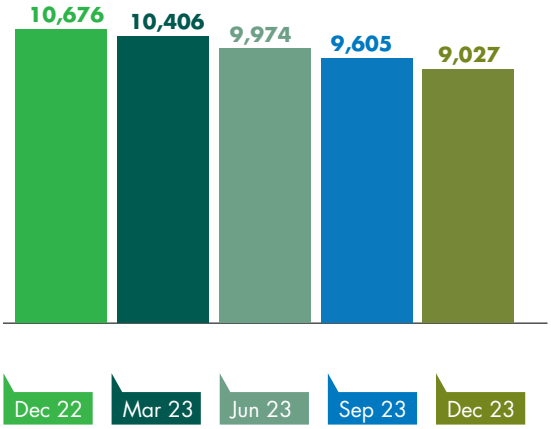
Fixed VOIP



Fixed wireless



Fixed line

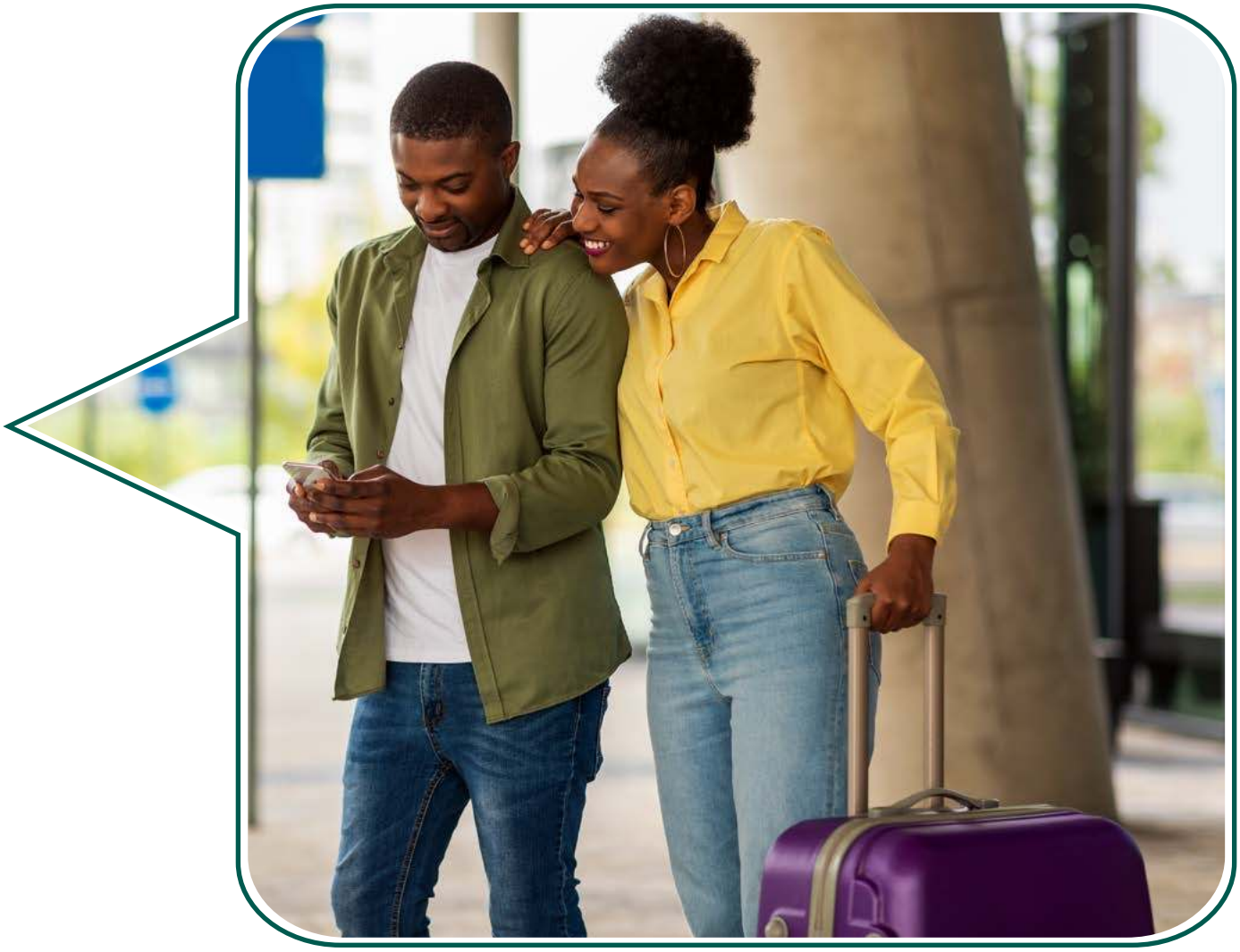


Source: CA Sector Statistics Report Q2 2023/2024

Fixed data subscriptions by operator

Service Provider/Indicator	Number of data subscriptions	Market share (%)
Safaricom PLC	487,924	36.7
Jamii Telecommunications Ltd	315,819	23.7
Wananchi Group (Kenya) Limited*	261,723	19.6
Poa Internet Kenya Ltd	169,738	12.8
Mawingu Networks Ltd	26,907	2.0
Dimension Data Solutions East Africa Limited	16,465	1.2
Vilcom Network Limited	13,852	1.0
Liquid Telecommunications Kenya	10,979	0.8
Vijiji Connect Limited	5,131	0.4
Other Fixed Service providers	23,475	1.8

Source: CA Sector Statistics Report Q2 2023/2024
**Includes Wananchi Group, Wananchi Telecom, ISAT and Simbanet*



The Commercial Value We Deliver (continued)

Our financial capital

Our financial capital lies at the heart of our business, and is fundamental to the way we both create and deliver value to all our stakeholders.

Despite a tough operating environment compounded by rising inflation that adversely affected our customers' disposable income, we produced a gratifying financial performance during the year under review.

Our Kenyan financial highlights – FY2024

Service revenue

+11.7% YoY
KShs 329.8 billion
(+12.1% YoY adjusted for MTR)

EBITDA

+16.6% YoY
KShs 187.0 billion

EBIT

+20.4% YoY
KShs 139.9 billion

Net Income

+13.7% YoY
KShs 84.7 billion

Operating free cashflow

+11.2% YoY
KShs 128.6 billion

Chief Finance Officer's Review

During the year under review, our Kenyan business recorded impressive results, with strong growth in M-PESA, mobile data, fixed service and wholesale transit revenue. We delivered double-digit growth in Service Revenue, EBITDA, EBIT, Net Income and Free Cashflow, with EBIT surpassing the $1 billion milestone. Our margins showcase operational excellence, with EBITDA and EBIT margins reaching record highs.

Our Performance in FY24

Overall, our strategic execution throughout our business segments delivered double-digit growth across all the financial metrics for our Kenyan business – EBIT, EBITDA, net income and free cash flow. This growth largely derived from M-PESA, and connectivity revenue, which includes voice, messaging, and mobile data. Although messaging and voice revenues continue to decline in line with global trends, growth in the new business verticals continue to supplement the decline.

We are pleased with the results delivered for FY24 despite the tough operating environment brought about by macroeconomic challenges. We continued to pursue our strategic goal for the year which was to scale technology solutions in order to be Africa's leading purpose-led technology company by 2030.

As part of our strategic goals, we continued leveraging on technology and driving relevant products, services and solutions through innovation to meet our customer needs. During the year, we launched "Gomoka na Go Monthly" promotion in Kenya, ensuring that customers can enjoy more data for less, cushioning them against the current challenging economic times.

It has been one and half years since the commercial launch in Ethiopia, with FY24 being the first full year of operations. We are encouraged by the performance to date, confirming the great potential we see in the market. As the Ethiopia business gains scale, its positive impact on Group performance will be material.

These achievements deeply resonate with our purpose of transforming lives. By delivering innovative solutions and creating tangible value, we are impacting our communities positively. A heartfelt thank you to all our loyal customers and our colleagues for their invaluable contributions to this exceptional performance.

Group Performance Review

We are pleased with our performance in FY24 despite the tough operating environment compounded by rising inflation adversely affecting our customers disposable income. Our Group Service revenue grew 13.4% year on year (YoY) to KShs 335.35 Bn in FY24 mainly supported by M-PESA, Mobile Data and Fixed revenues.

Overall Group customers grew 6.8% YoY to 49.02Mn while one-month active customers grew by 9.1% YoY to 37.70Mn. Safaricom Kenya's overall market share stood at 65.9% as at December 2023.

Group Net Income attributable to owners of the Company grew 1.2% YoY to KShs 62.99Bn.

Our Group capital expenditure in the period stood at KShs 93.5 billion, of which Safaricom Ethiopia accounted for 49% at KShs 46.2 billion

FY24 Performance | Outstanding Kenya Performance. Outperforming Group Guidance

	Safaricom Kenya Perfomance		Safaricom Group Perfomance (Including Ethiopia)*	
	EBIT	Capex	EBIT	Capex
Achievement	KShs **139.9Bn** **+20.4%** YoY (FY23: *1.8% YoY)	KShs **47.3Bn** **Capex Intensity 13.8%** (FY23: 13.1%)	KShs **94.9Bn** **+3.5%** YoY (FY23: +16.0% YoY)	KShs **93.5Bn** **Capex Intensity 26.8%** (FY23: 30.9%)
Guidance (KShs)	**129 - 132Bn**	**45 - 48Bn**	**87 - 93Bn**	**85 - 93Bn**

Group Service Revenue**
KShs **335.4Bn**
+13.4% YoY

Group Net Income excluding Minority Interest**
KShs **63.0Bn,**
+1.2% YoY

Safaricom Group Performance

Service revenue grew
13.4% YoY to
KShs 335,353.1 million

Voice revenue declined
0.6% YoY to
KShs 80,541.1 million

Messaging revenue grew
8.3% YoY to
KShs 12,319.2 million

M-PESA revenue grew
19.4% YoY to
KShs 139,914.8 million

Mobile data revenue grew
24.9% YoY to
KShs 67,404.3 million

Fixed line and wholesale revenue grew
11.2% YoY to
KShs 14,962.2 million

On a constant currency basis, eliminating foreign exchange translation impact,

- EBITDA grew by 19.2% YoY,
- EBIT, almost flat with a drop of just 0.5% YoY
- And our Group net income excluding minority interest growing by 4.2% YoY, versus the reported growth rate of 1.2%, which is very encouraging.

FY24 Group Performance | Strong Results on Constant Currency Basis

	Kenya	Group Reported	Group Constant Currency
Service Revenue	+ 11.7%	+13.4%	+13.4%
EBITDA	+16.6%	+16.8%	+19.2%
EBIT	+20.4%	-5.5%	+0.5
Net Income Excluding Ministry Income	+13.7%	+12.3%	+4.2%

The Commercial Value We Deliver (continued)

Chief Finance Officer's Review (continued)

Our Kenyan business (continued)

Kenya Performance Review

Operating context and key macro factors that impacted our performance

The **Kenya economy** is forecasted to have expanded by 5.6% in 2023 from 4.8% in 2022, with Q3 2023 closing at 5.9% growth. The World Bank estimates Kenya's GDP to grow by 5.2% in 2024 supported by continued recovery in the agricultural sector, public sector spending and resilience in the services sector.

See the GDP growth rate chart on page 84.

We are encouraged by the resilience the Kenyan economy demonstrated in the year under review. Significant recovery in currency appreciation against the dollar was recorded after a series of continued depreciation since January 2023. The Kenyan shilling depreciated by 0.4% YoY, to exchange at KShs 131.80/USD at end of March 2024 compared to KShs 132.33 (March 2023). The continued sharp weakening of the shilling is expected to keep the cost of imported goods high while firms are grappling with heavy forex losses.

Inflation rate **declined to 5.7% in March 2024** from a high of 9.2% in March 2023. Inflation remains within the Central Bank of Kenya's target band of 2.5%–7.5%. Inflation is expected to decline further, supported by easing food and energy prices, strengthening currency and the impact of monetary policy actions which continue to filter through the economy.

The Central Bank continues to **maintain a restrictive Monetary Policy, retaining the CBR at 13.0% in March 2024** (cumulative increase of 3.5ppt since March 2023). CBK has maintained this citing the positive impact of strong monetary policy, including easing inflation and exchange rate appreciation.

The Finance Act, 2023 (the Act) was signed into law by the President on 26 June 2023. It introduced a raft of tax measures, amendments and repeal of other provisions to the Income Tax Act, Value Added Tax Act, Excise Duty Act, Tax Procedures Act, Tax Appeal Tribunal Act and other miscellaneous changes. Among the changes that impacted our business, the Finance Bill introduced **Excise duty** at 15% (previously 20%) and VAT at 16% for GSM services and 15% (previously 12%) for **M-PESA services/Financial services**. Exported services like roaming and interconnect revenues were zero rated as per the new Finance Act 2023. Other services that can't be categorized as **telephone or financial services were subjected to VAT at 16%.** These would include services like Cloud, IoT, Handset sales, project related revenues, Connection revenues etc.

Macro Headwinds and Tailwinds impacting performance in FY24

Macro Tailwinds & Headwinds	Regulatory	Customer Insights
Macro Tailwinds • Resilient GDP growth; +5.6% in 2023 • Tapering inflation Rates: 5.7% March 2024 • Appreciating Kenya Shilling in Q4 • Sustained private sector credit growth **Headwind** • High interest rates • Tight monetary policy	• Reduction in excise duty on Telephone and internet data services • Mobile Termination Rate (MTR) reduction • Increased excise duty rates - Mobile money transfer services	• Declining food prices • Constrained consumer purchasing power • High cost of borrowing • High energy tariffs

Please refer to graphs on pages 84–86.

Business review – Kenya

Our Kenyan business recorded impressive results, supported by strong growth in M-PESA, Mobile Data and Fixed revenue growth. Traditional GSM business continues to perform in line with global trends.

Safaricom Kenya Performance

Service revenue grew
↑ 11.7% YoY to
KShs 329, 805.5 million

Messaging revenue grew
↑ 8.0% YoY to
KShs 12,277.0 million

M-PESA revenue grew
↑ 19.4% YoY to
KShs 139,914.8 million

Mobile data revenue grew
↑ 8.0% YoY to
KShs 63,236.2 million

Voice revenue declined
↓ 1.7% YoY to
KShs 79,511.0 million

Active customer grew
↑ 4.6% YoY to
34.64 million

Fixed line and wholesale revenue grew
↑ 12.0% YoY to
KShs 15,111.3 million

Active M-PESA customer grew
↑ 0.9% YoY to
32.41 million

The Commercial Value We Deliver (continued)

Chief Finance Officer's Review (continued)

Our Kenyan business (continued)

Kenya Performance Review (continued)

Business review – Kenya (continued)

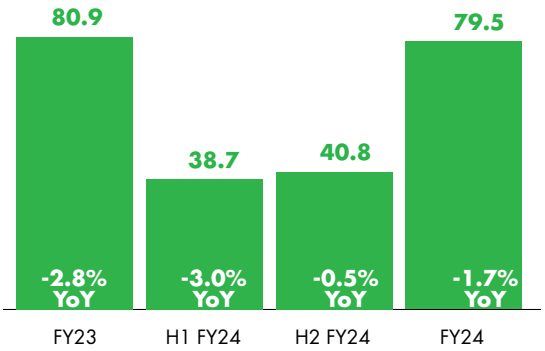
Voice and Messaging

Voice revenue declined by 1.7% YoY to KShs 79.51Bn reflecting the global impact of the downward trend of voice service. We continue to offer better integrated and segmented propositions through our Customer Value Management (CVM) initiatives to drive affordability and usage. During the period, rate per min declined 12.7% YoY to KShs 1.25 while minutes of use per subscriber rose 15.9% YoY to 189.41 minutes. Messaging grew 8.0% YoY to KShs 12.28Bn supported by 8.0% growth in ARPU to KShs 47.33. Voice and messaging revenue are now 28.1% of service revenue.

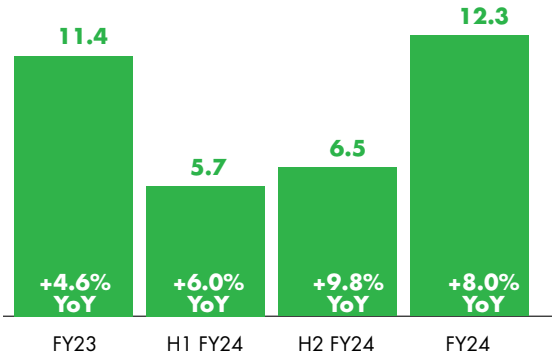
We are leveraging on largely the call completion innovations to our customers – what we call *'Okoa Jahazi', reverse calling options* and *the 3-sec free call* to enable our customers to establish a call at least for 3 seconds for free. There over 2Mn customers using reverse calls, over 800k customers using the 3 secs free call and over 1Mn customers using the Fuliza Airtime plans. These initiatives are powering over 50% of voice usage. We have leveraged data analytics to win, retain and stretch value for our customers in the period.

Revenue

Voice Revenue (KShs Bn)

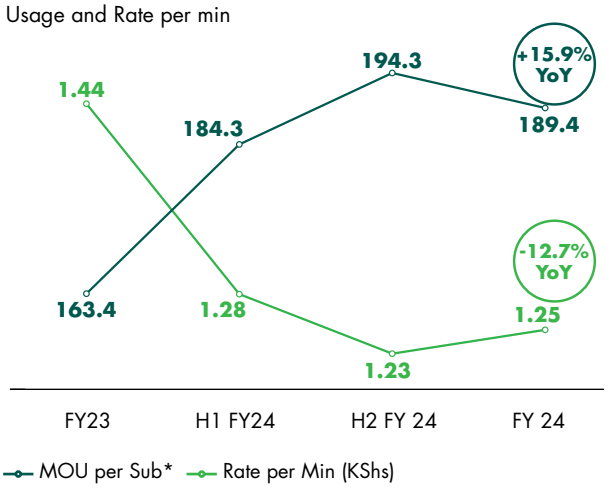


Messaging Revenue (KShs Bn)

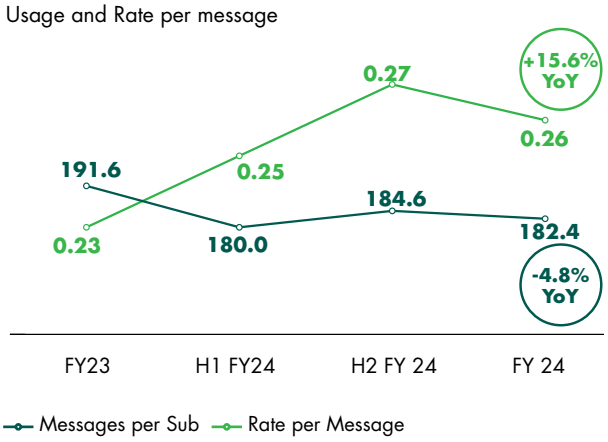


Usage and rate per min/message

Usage and Rate per min



Usage and Rate per message



Connectivity performance FY24**

Revenue	**KShs 173.9Bn** +6.2 YoY
ARPU	**KShs 422.7** +1.5% YoY
Customers	**34.3Mn** +4.6% YoY

**MOU - Minutes of Use Per One Month Active Subscriber*
***GSM excluding M-PESA, Fixed & IoT Revenues*

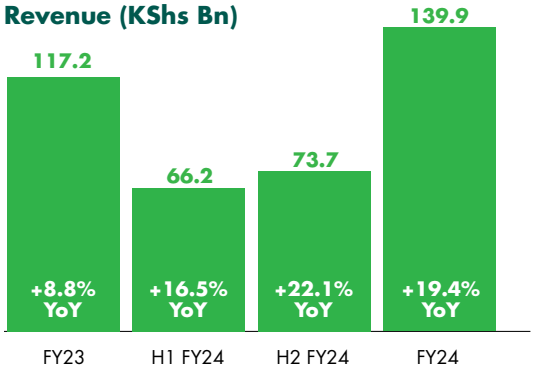
Key factors driving performance of our Connectivity business

- **Leveraging in CVM initiatives** – to drive affordable 4G devices (a big opportunity to grow mobile data), expanding our enterprise portfolio focused on IoT solutions mainly through partnerships with industry leads, creating fintech solutions to empower SMEs/MSMEs which account for 70% of businesses in the country.
- **Customer segmentation** – Accelerated campaigns to drive customer engagement via segmentation initiative to serve our customers better.
- **Accelerated 4G device penetration** – We established the East Africa Device Assembly (EADAK) factory through a partnership to introduce cheaper 4G devices in the market within the year. We are scaling operations of this factory to ramp up production within the course of the year. For the 6 months since launch, we had sold +360k devices valued at KShs 21 billion.
- **Delivering value beyond GSM** – We are linking use cases for more value e.g., leveraging platforms and ecosystems to give offers to customers. We now have over 10Mn customers hooked on CVM and we still have a huge base to cover. We are also going to leverage mobile money to show value to GSM.

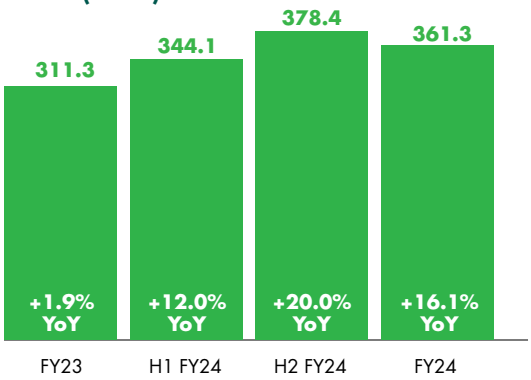
M-PESA

M-PESA remains our engine of growth and the centre of innovation in how we serve our customers. M-PESA revenue grew strongly by 19.4% YoY to KShs 139.91Bn driven by increased usage. Chargeable transactions per one-month active customers rose 33.9% YoY to 31.51Mn while ARPU grew 16.1% YoY to KShs 361.32. Total transaction value rose 9.6% YoY to KShs 40.24Trn while volumes grew 33.9% YoY to KShs 28.33Bn.

Revenue (KShs Bn)

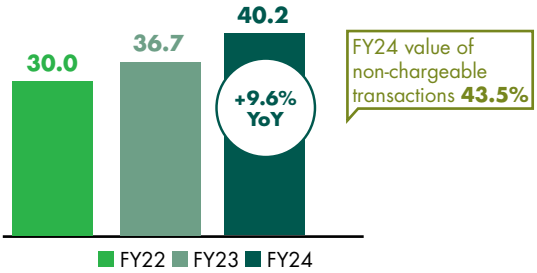


ARPU (KShs)

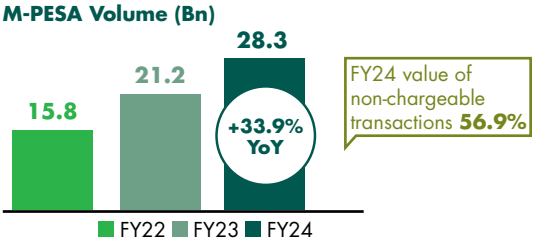


M-PESA value and volume*

M-PESA Value (KShs Trn)

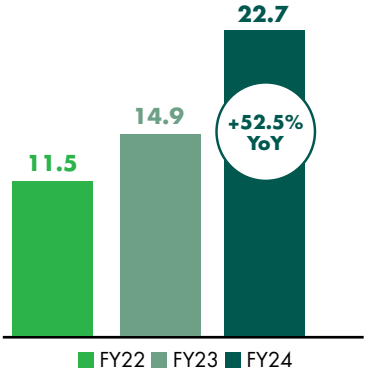


M-PESA Volume (Bn)

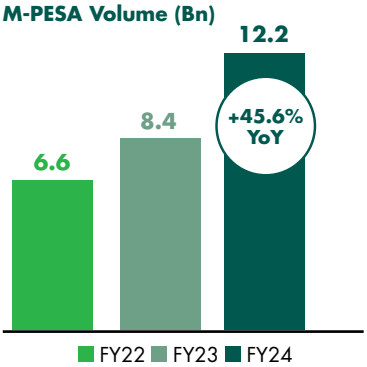


Chargeable M-PESA value and volume*

M-PESA Value (KShs Trn)



M-PESA Volume (Bn)



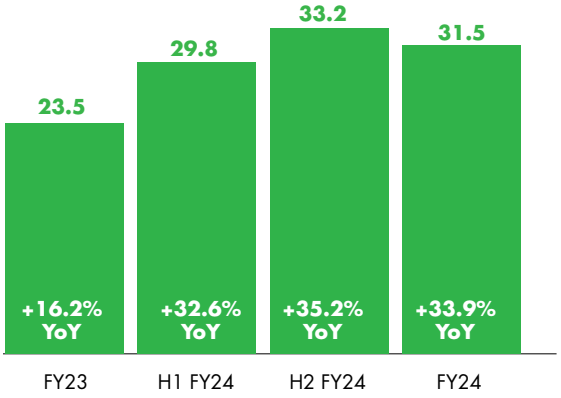
The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

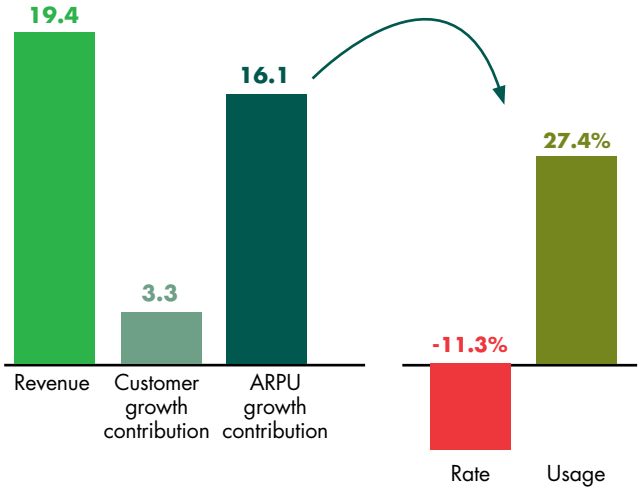
Our Kenyan business (continued)

We believe that affordability delivered through non-chargeable transactions is driving growth in both value and volume for M-PESA, leading to a growth of 33.9% in chargeable transactions per customer per month for the year.

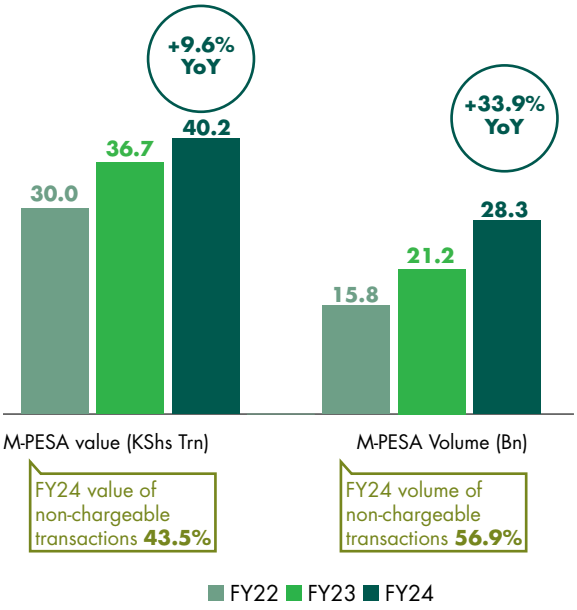
Chargeable Txns per one month active customers



M-PESA YoY growth



M-PESA value & volume



One-month active M-PESA customers grew 0.9% YoY to 32.41Mn. Lipa Na M-PESA active merchants grew 4.3% YoY to 633.01k while pochi tills stood at 632.68k as at the end of FY24. M-PESA now accounts for 42.2% of service revenue, further complementing traditional voice and messaging services.

Positioning M-PESA as a lifestyle and business platform of choice

We continue to leverage on our digital platforms and solutions such as M-PESA Super App for an end-to-end excellent customer experience. We now have 9.6 million Consumer App sign-ins, 1.6 million active consumers and over 1.5 million downloads on the Business App. M-PESA now accounts for 42.2% of service revenue, further complementing traditional voice and messaging services.

Consumer Super App

- **9.6Mn** +30.6% YoY Downloads
- **3.6Mn** Active customers
- **KShs 11.3Bn** +68.7% YoY Revenue generated via the App
- **40.5 Transactions** +18.8% YoY Per month per active customer
- **>779.5Mn +59.4 YoY** Transactions via the App value at KShs 2.0Trn

Business Super App

- **1.5Mn** +100.0% YoY Downloads
- **142.3k** Merchants using the App
- **KShs 661.3Mn** +0.5% YoY Revenue generated via the App
- **53.1Mn** +3.7% YoY Volume transacted via the App
- **KShs 505.5Bn** +132.0% YoY Value of transactions via the App

Broadening M-PESA Services beyond payments

Scaling Pochi la Biashara

- Segmented solutions for SMEs/MSMEs that addresses specific value prepositions
- Targeted marketing leveraging on customer value management (CVM)

Technology & Platforms

- Capacity upgrade to support **3,500** transactions per sec on M-PESA
- 80K developers in our ecosystem
- Enhanced stability and reliability to improve customer experience

Partnerships & Collaborations

- Diversified partnerships to power financial inclusion
- Enhanced 3rd Party integrations through APIs ensuring optimised services
- Continued Government pertnership

Scaling M-PESA Growth Through;

- **Partnerships and Collaborations –** Diversification of Bank Partnerships
- **Continued Government Partnerships** to power financial inclusion and social protection- Hustler Fund, Inua Jamii, e-subsidy
- **Grew the number of developers** from 64.5K to 79.9K the partner ecosystem- Innovative solutions, deeper integrations & developer accreditation through partnership with Moringa School
- **3rd Party Integrations through Open APIs** saw an upgrade of the Daraja Platform enhancing stability, reliability, security, and optimised API services to improve customer experience, operational efficiency, and revenue generation. This also saw growth in number of integrations from 35.7K to 45.3K (the APIs are grouped as; Transaction APIs, Security APIs, Experience APIs – such as txn status check, Reversal etc) and The API contribution on transaction velocity increased from 17.18% in March 2023 to 20.49% as at end of March signaling a 3.31% YoY growth.
- **Overdraft facility for businesses (Merchant OD) –** On 4 May 2023, we launched merchant overdraft facility for businesses. Over 538,000 Businesses on Lipa Na M-PESA can access upto KShs 400,000 interest-free for 24 Hours to complete transactions in case of insufficient funds. The service will advance an overdraft of up to KShs 400,000 depending on the business' limit. As at FY24 we had 44.8k borrowing customers while the value disbursed stood at KShs 32.5Bn and revenue at KShs 0.32Bn.
- **Wealth management products on M-PESA –** As at FY24 Assets Under Management (AUM) stood at KShs 1.85Bn. Total opt in stood at 722k with 119.3k active users. Revenue as at FY24 stood at KShs 13.4Mn.

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

Our Kenyan business (continued)

Mobile Data

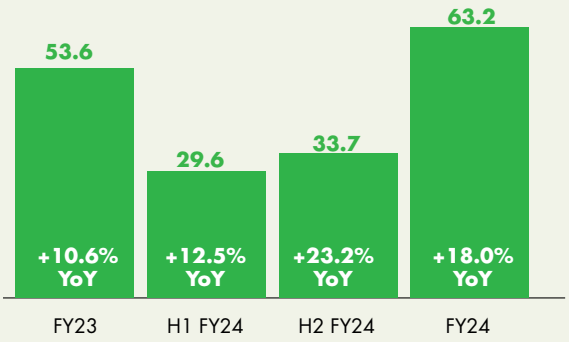
Mobile data revenue recorded a double-digit growth of 18.0% YoY to KShs 63.24Bn accounting for 19.2% of Service Revenue, while ARPU grew marginally by 1.5% YoY to KShs 242.71. We continue to leverage price transformation, transparency, and personalised offers through CVM initiatives to enhance affordability on our data offerings.

- Data usage per chargeable subscriber increased by 6.4% YoY to 3.79GB.
- Distinct bundle users grew 13.8% to 19.69Mn.
- Average rate per MB declined further by 4.6% YoY to 6.40 cents during the period.

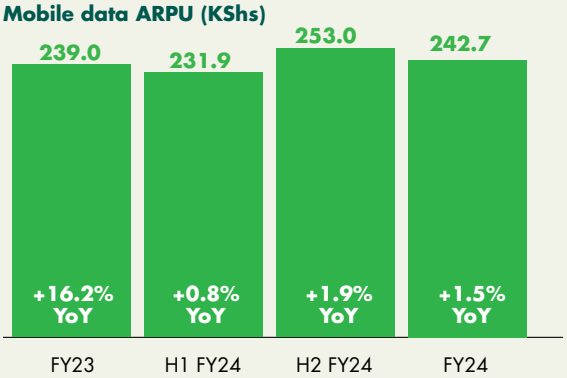
We continue to drive the penetration of 4G-enabled mobile devices through our device financing program while providing the right content
to encourage usage.

- The number of smart phones on our network grew by 12.9% YoY to 22.93Mn.
- 4G devices grew by 27.5% YoY to 16.85Mn with 49.7% using more than 1GB while
- 5G devices rose by 79.3% YoY to 669.71k.

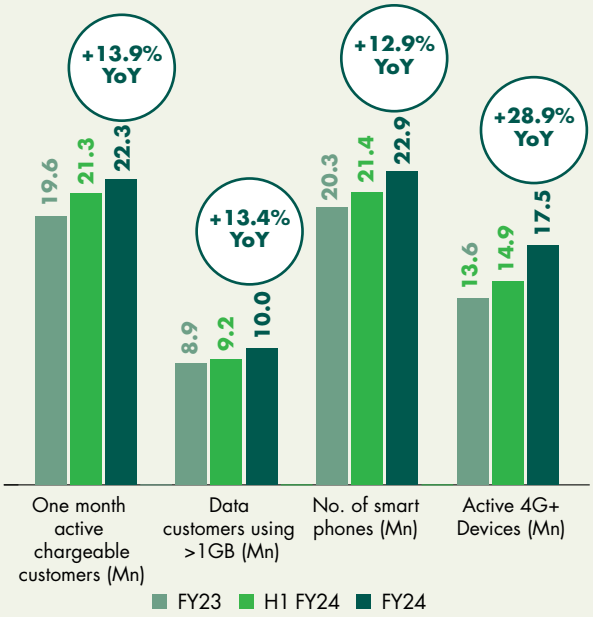
Mobile data revenue (KShs Bn)



Mobile data ARPU (KShs)

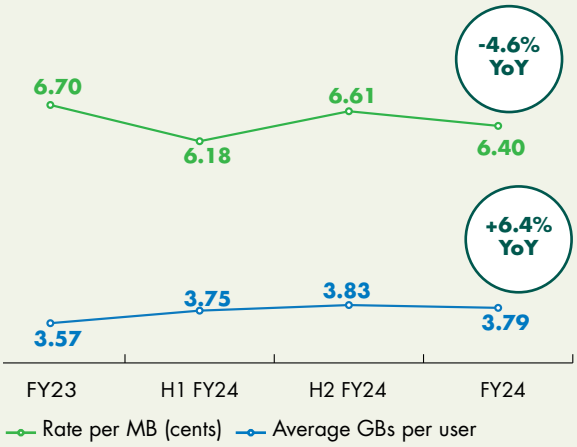


Increased usage as 4G+* traffic continues to grow



*4G includes both 4G and 5G

Usage and rate per MB



Fixed service and Wholesale transit

We recorded great momentum on mobile data performance in the period which is attributed to integrated bundle propositions such as ***digitising our base as we drive 4G device penetration, driving more value*** since pricing is at the lowest currently.

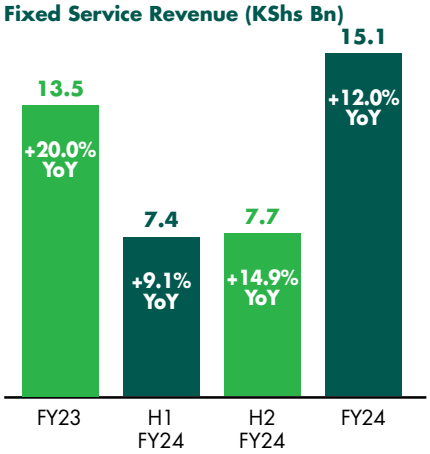
Our focus now is to drive more value for our customers for the same price point *(our average pay-as-you-go tariffs for data is at KShs 6.4cents per MB)* which is largely in line with the market. This initiative has improved monetization for data and as we drive devices penetration further, we are going to realise even better performance for mobile data to ring fence the expected decline in voice, a trend seen globally for the traditional Telco services. Data from the Communications Authority of Kenya quarterly report to December 2023 shows that the average pay as you go tariffs for data for the industry is at KShs 4.59, KShs 1.19 for SMS and KShs 3.92 for voice per min.

Fixed service and wholesale transit revenue

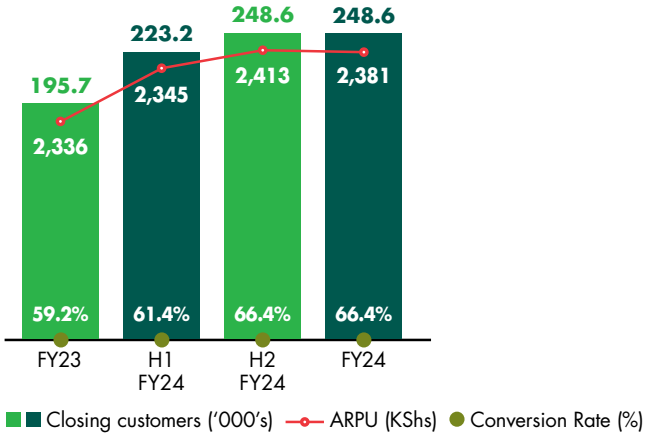
Fixed service and wholesale transit revenue grew by 12.0% YoY to KShs 15.11Bn supported by growth in consumer revenue which rose 31.1% to KShs 6.48Bn and 0.9% YoY growth in Enterprise revenue to KShs 8.63Bn. Our fixed data market share stood at 36.7% as at December 2023 as per Communications Authority of Kenya. Fibre to the home (FTTH) and fixed enterprise now account for 4.6% of service revenue.

FTTH customers grew 27.0% YoY to 248.57k. FTTH penetration rose to 66.4% with homes connected growing 34.9% YoY to 371.99k while homes passed increased by 20.3% YoY to 560.26k. Fixed Enterprise customers grew by 13.1% YoY to 59.46k.

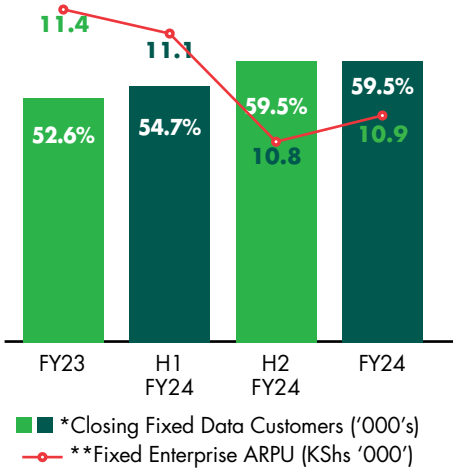
Fixed Service Revenue (KShs Bn)



FTTH



Fixed Enterprise



SME Digital Adoption

- Accelerated Cloud services adoption (1+13k SMEs)
- Secure internet connectivity (kifaruNet) driving customer growth
- Country Revenue System Launch in 2 countries driving 5x country revenue growth

Scaling Cloud & Security in Large Enterprises

- Full stack cyber security including security operations center (SOC)
- Integrated offerings; Hosted contact centers, professional services, unified communications & professional services

Accelerated IoT Solutions

- Smart Water project (1.5Mn devices connected)
- Fleet management & efficiency
- Supported 8.5Mn farmers with 16Mn fertiliser bags via eVoucher/M-PESA

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

Our Kenyan business (continued)

Direct and Operating Costs

During the year under review, our complex operating environment continued to necessitate close examination of addressable opportunities.

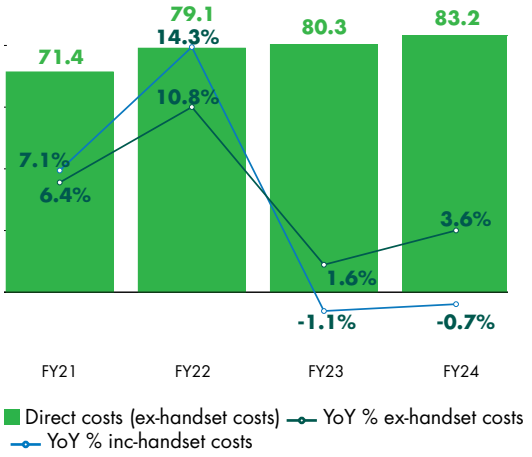
For more on our operating environment, see page 84.

Our operating **costs grew by 11.0% year on year** majorly driven by increased network operating costs, lease costs and foreign exchange losses. The network operating costs' growth was driven by rising fuel and electricity rates. Excluding the impact of the rising energy costs, our operating costs would have grown by 4.3%, which is below inflation.

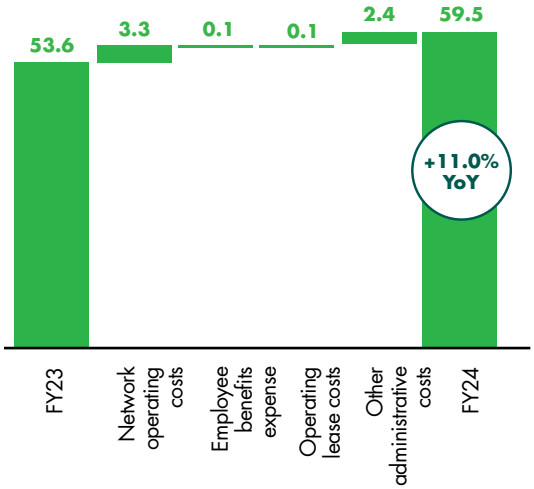
Direct costs declined 0.7% **year on year** driven by decreased handsets sales due to higher taxes imposes in the Finance Act 2022. Excluding handset costs, our direct costs grew by 3.6% primarily driven by growth in M-PESA commission in line with revenue growth.

We continue to look for opportunities to create efficiencies through sustainable initiatives that will lock in value into the future and cushion external macro impacts to the business.

Direct costs (KShs Bn)



Operating costs (KShs Bn)



Debt & Finance Costs

In addition, we saw growing finance costs on the back of increased interest rates in the market during the year compounded by financing needs for our business in Ethiopia.

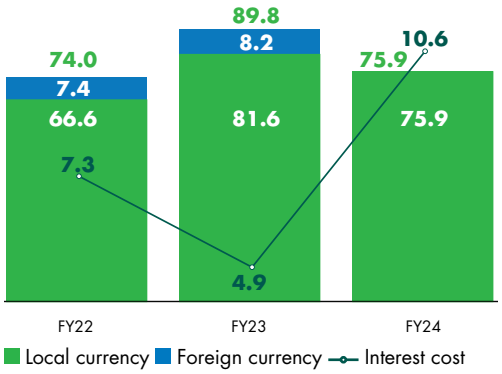
As at close of the year, our debt position was at KShs 75.9 billion and our net debt position closed at KShs 54.6 billion. We have taken measures to reduce our FX exposure due to the depreciating currency.

During the period under review, we managed to pay off the dollar facility we had taken back in FY22 with respect to our Ethiopia investment minimizing FX related financial impact.

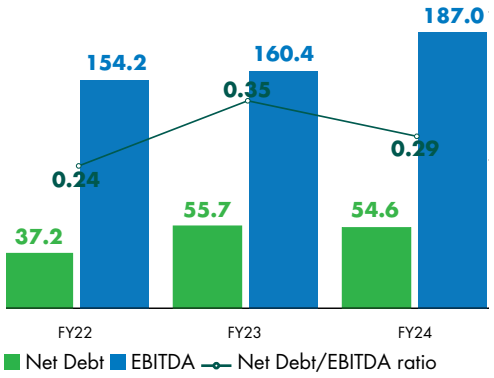
We, however, must deal with the challenge of managing the rising interest rates which has led to a 45.3% year on year increase in our finance costs. We have already started taking some deliberate steps on this, with the recent sustainability linked loan of KShs 15 billion. The rate for this loan is linked to our sustainability targets and will therefore be below market rates. Overall, our Net debt to EBITDA ratio is strong at 0.29 and compares favorably to global markets.

Net Debt (KShs Bn)	FY22	FY23	FY24
Cash & Cash equivalents	28.1	18.3	**21.3**
Short-term borrowings	(20.4)	(35.5)	**(39.8)**
Long-term borrowings	(44.9)	(38.5)	**(36.1)**
Net debt	(37.2)	(55.7)	**(54.6)**

Debt (KShs Bn)

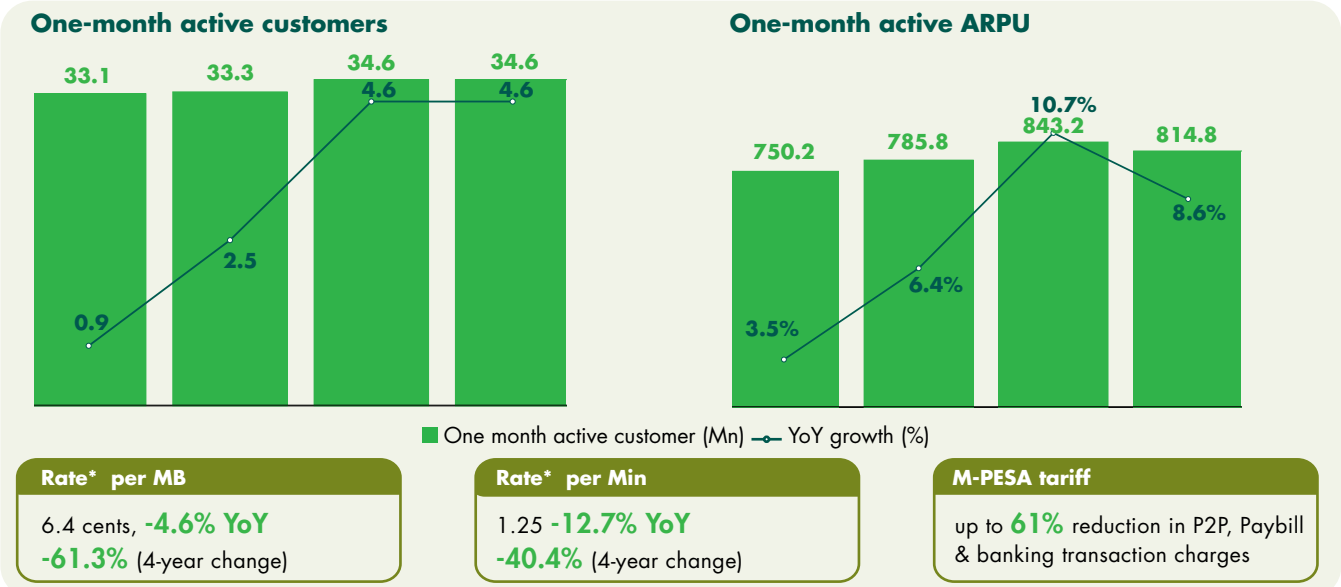


Net debt/EBITDA (KShs)



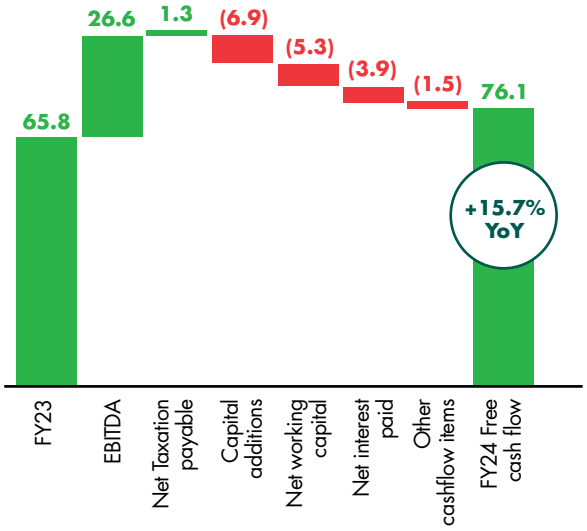
Moreover, we have been optimising pricing to drive affordably of our services whilst supporting our customers during the challenging macro environment.

- Our one-month active customer base has grown by 4.6% year on year to 34.6 million customers.
- We have been optimising our pricing too ensure that customers can still utilise our services and enjoy the value of being on our network in meeting their day-to-day needs.
- Our **rate per MB has reduced by 61%** over the last four years and in the period under review, we recorded the slowest decline by 4.6%.
- Our **voice rates are down by 40.4%** in the same period to a rate of KShs 1.25 per minute.
- We reintroduced fees for M-PESA transactions from last year and we took a deliberate decision to revise the tariff downwards **by approximately 61%** to ease the burden on our customers.
- These affordability initiatives have driven higher usage and therefore promoted ARPU **growth of 8.6% to KShs 815** per one-month active customer.



Cash Flow

Our free cashflow grew by 15.7% year on year to KShs 76.1 billion. This was majorly driven by growth in EBITDA. The good performance was able to fund the business needs in Capex, tax, working capital and interest payment obligations to still record a surplus.



Net income grew 13.7% to KShs 84.74Bn for Kenya supported by M-PESA, Mobile data and effective cost management initiatives in the period.

Ethiopia Performance Review

In our Ethiopian operations, we are pleased with the success that the business has achieved over a relatively short time. Our focus in Ethiopia, which remains on scaling operations for that country's digital future, has been instrumental in driving our growth. We anticipate that we will continue to build on this momentum in the medium- to short-term.

For more on our Ethiopian operations, see page 111.

Operating environment in Ethiopia

Inflation: The annual inflation rate in Ethiopia fell for the second straight month to hit 26.2% in March 2024, the lowest since June 2021, easing from 28.2% in the prior month and 34.2% in March 2023. Prices slowed down a bit for both food (29% vs 31.6% in February 2024) and non-food products (22% vs 23.5%). On a monthly basis, consumer prices jumped by 4% in March, the most in a year, after a 1% increase in the prior month.

Political/Security: The state of emergency in the Amhara region is still in effect.

Currency Performance: The Ethiopia Birr (ETB) depreciated by 1.3% in the first quarter of 2024 to 56.86 ETB in addition to a depreciation of 4.8% in 2023. To address the foreign currency shortage, the government implemented several measures in September 2022 intended to improve access to dollars. The National Bank of Ethiopia (NBE) *banned the use of foreign currency in local transactions* while reducing the number of days that a returning resident can keep foreign cash from 90 to 30 days. In addition, the Bank also relaxed restrictions on how much foreign currency can be brought into the country.

GDP growth: Ethiopia is one of the fastest-growing economies in the region, with a 7.2% growth during the Ethiopian fiscal year (2022/2023). According to the Ethiopian government, the country's economy is on track to achieve a projected 7.9% growth rate for the current Ethiopian 2023/2024 fiscal year, which began on 8 July 2023.

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

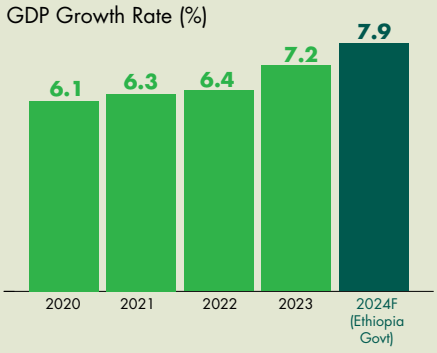
Ethiopia Performance Review (continued)

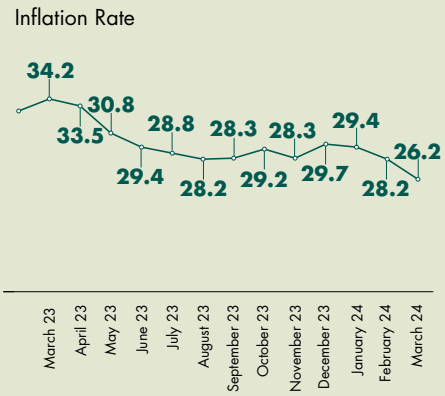
Ethiopia Operating Environment | Challenging Operating Environment

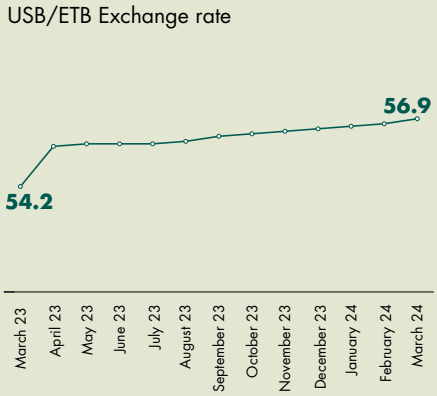
Macro-Economic
- Easing Inflation; 26.2% in March 2024
- FX Liquidity pressure
- Expected 2024 GDP growth of 7.9%

Regulatory
- MTR reduction from ETB 0.31 to ETB 0.23 from 1 May 2024
- Revised mobile money limits, ETB 75k per daily account balance, ETB 150k daily transaction limit

Political/Security
- Stable security situation in Tigay
- Amhara under state of emergency
- Movement restriction in some Oromia region







Business review- Ethiopia

It has been 1 year and 7 months since the commercial launch in Ethiopia with FY24 being the first full year. We are encouraged by the performance to date, confirming the great potential that we see in this market.

Ethiopia Performance | We Achieved Key Milestones in FY24

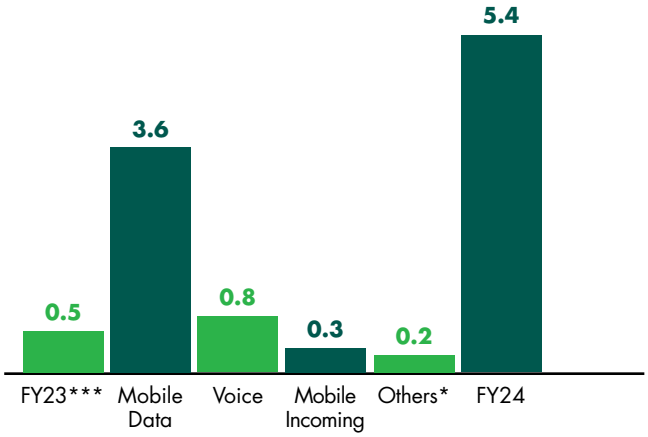
Customers	**4.4Mn** 90-day Active Customer	**2.8Mn** 90-day Active Data Customer	**4.3GB** per Mobile Data User *(Mar exit at 6.2GB)*
M-PESA	**4.5Mn** Total Registered M-PESA Customers	**62.7k** Active Merchants & **25.8k** Acents	**KShs 24.5Bn** Value & **31.5Mn** Volumn of M-PESA transaction
Network	**2,806** 2G/3G/4G Sites	Site split Own-built **1,466** Collocated	**38%** Population Coverage
People	**887** Permanent Employees	**90%** Ethiopia **10%** Expatriates	**63%** Male **37%** Female

We generated a total of KShs 5.4 billion in service revenue. Ethiopia revenue growth contributed 13% of the Group service revenue growth in the year under review.

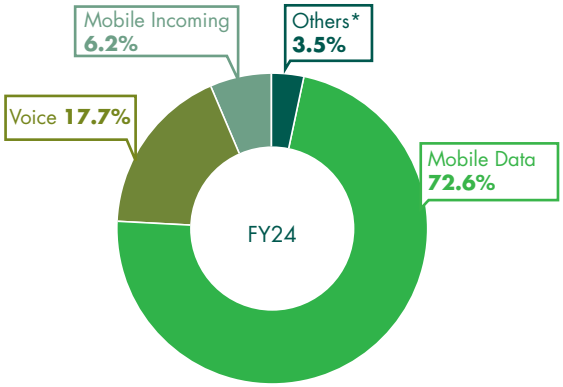
Mobile data revenue continues to account for a significant portion of the business at 72.6% of Service Revenue reconfirming our commitment to build the best data network in Ethiopia. Our superior data network that has gained mileage as being reliable and stable, has been a key value proposition to our customers.

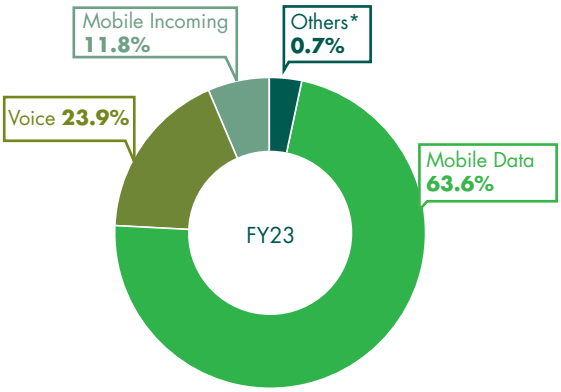
We are encouraged by the acceleration we have seen on the ground and are committed to our journey of transforming lives in Ethiopia.

Contribution to Service Revenue Growth (KShs Bn)**

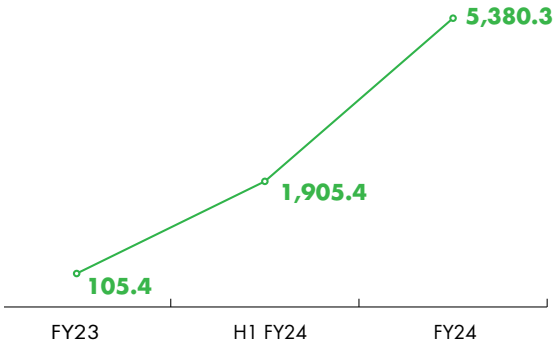


**Others – M-PESA Revenue, Messaging Revenue, Fixed Line Wholesale & Transit Revenue and Other Mobile Service Revenue*
*** Exclusive of IAS29*
****7 months of commercial operations*

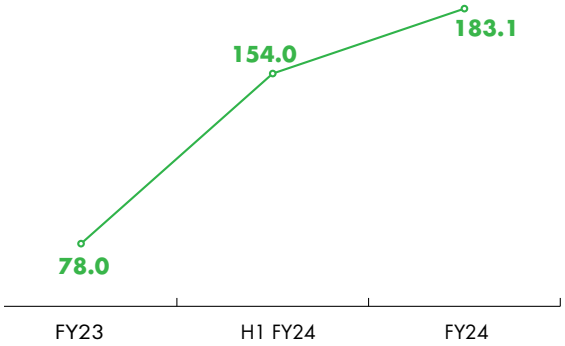




Revenue Service



One-Month Active ARPU



The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

Ethiopia Performance Review (continued)

Voice and Messaging
Voice revenue stood at KShs 1,029.4 million, driven by growing numbers of customers as we continue to increase our site roll-out. The year under review saw:

- One-month-active voice customers more than double to 3.06 million
- Minutes of use (MoU) per subscriber rose 27.4% to 70.57
- Messaging revenue closed the year at KShs 42.3 million
- 1.1 million 30-day-active SMS customers
- SMS per subscriber at 11.6

M-PESA
M-PESA was launched in Q2 with revenue standing at KShs 87.3 million by year-end, with:

- 4.51 million registered customers
- 25.76k M-PESA agents onboarded during the period
- Volume transacted at 31.5 million
- Value transacted at KShs 24.5 billion

Mobile Data
Mobile Data revenue stood at KShs 4,168.1 million, supported by increased usage as:

- ARPU grew to KShs 215.20.
- Active customers doubled to 1.99 million
- Data usage per subscriber grew strongly to 4.32GB, driven by accelerated post-launch customer onboarding and site roll-out

Medium term Outlook and Funding for Safaricom Ethiopia

As at the end of the financial year, the consortium members had injected a total of 1.6 billion dollars, of which Safaricom's share is 840 million dollars. Additionally, IFC extended a loan facility to Safaricom Ethiopia of 100 million dollars. In addition, the business availed local debt equivalent to 134 million dollars.

Capex Investment

5Yr Plan: USD 1.0 – 13Bn
(Previously USD 1.5 – 2.0Bn)

3Yr Actual: USD 853Mn

10Yr Sites Rollout: Target: 8 –10k (Previously 10 –12k)
FY24 Actual: 2,806 sites

CAPEX and revised medium term guidance for Ethiopia

Funding Status

USD Mn	FY24
Equity cash funding	1,626
Local currency debt funding	134
IFC debt funding	100
Total Funding	**1,860**

- **Total Equity Funding as at FY24 by;**
  - Shareholders*
    Y1 – Y3; USD 1,636Mn
  - Safaricom PLC
    Y1 – Y3; USD 840Mn
- **Deferred vendor payments**
  USD 301Mn

We have reassessed our medium-term outlook considering our revamped commercial growth approach.

Our 5yr Capex spend in this peak investment period to FY26 is projected to be between 1.0 – 1.3 billion dollars, a reduction from the earlier forecast of 1.5 billion to 2.0 billion dollars. We have already spent 853 million dollars in the 3 years to date and we anticipate that we shall not exceed 1.3 billion dollars in the next two years.

In FY24, Ethiopia Capex spend was KShs 46.2 billion, which is 17.1% year on year lower, supported sites roll out and other infrastructure required to support commercial momentum and expand coverage for the business.

Our sites, which currently stand at 2,806 sites, were targeted to reach approximately 10K–12K sites by Yr 10. We are revising this to 8K–10K sites, and we believe this will be sufficient to achieve the desired coverage obligations and support a ubiquitous network to drive scale.

Hyperinflation

It is important to note that Ethiopia has been declared a hyperinflationary economy by the International Accounting Standards Board (IASB) as of 31 December 2022. The key considerations include the three-year cumulative inflation rate if it approaches or exceeds 100%. In this regard, the International Monetary Fund's World Economic Outlook (IMF WEO) forecast a three-year cumulative inflation rate exceeding 100%.

In compliance with IFRS reporting, we have assessed our actual Ethiopia performance and incorporated the hyperinflationary adjustments at Group consolidated level as applicable. We recognise that in a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, while an entity with higher monetary liabilities than monetary assets gains purchasing power. With this context in mind, Safaricom Ethiopia has more monetary liabilities than monetary assets, due to the significant vendor financing liabilities. This, therefore results in a net monetary gain, and we will adjust accordingly year-on-year.

The gain in monetary position as a result of translating the financial statements as at 31 March 2024 was KShs 22.36 billion (2023: KShs 10.38 billion). We have reported a net positive impact of KShs 7.4 billion, mostly driven by the hyperinflationary monetary gain of KShs 22.4 billion. This has been consolidated in the Group's overall performance.

***For more on our Ethiopian operations, see page 111 and for further details refer to Note 23 (page 241) in the audited financial statements.**

Looking Ahead and FY25 Group Guidance

We remain committed in protecting our shareholder value by achieving a strong performance in Kenya and making great milestones in Ethiopia. In line with our goal to accelerate new growth areas by developing scalable businesses in these areas, we launched M-PESA in Ethiopia in August 2023.

In FY25, we expect Group EBIT to be in the range of KShs 103–109Bn and Group Capex to be KShs 73–79Bn. EBIT guidance for Kenya is expected to be in the range of KShs 149–152Bn and Ethiopia EBIT loss in the range of KShs 46–43Bn.

Capex guidance for Kenya is expected to be in the range of KShs 52–55Bn. Ethiopia FY25 Capex guidance, on the other hand, will range between KShs 21 billion and KShs 24 billion as we target to get to 3,500 sites by the end of the FY25. The Group Capex guidance, therefore, is a range of KShs 73 billion to KShs 79 billion.

Additionally for Ethiopia, we shall continue to drive acquisitions and we are targeting to grow our 90-day GSM customers to between 7 and 10 million with M-PESA 90-day active customers ranging between of 2.5 to 4 million customers.

FY25 Guidance

KShs	Kenya	Ethiopia*	Group
EBIT	149–152Bn	(46–43)Bn	103–109Bn
FY24 Actual	139.9Bn	(45.0)Bn	94.9Bn
Capex	52–55Bn	21–24Bn	73–79Bn
FY24 Actual	47.3Bn	46.2Bn	93.5Bn

**Ethiopia Guidance Assumptions*
- *Mobile customers target of 7 - 10Mn 90-day customers, 2.5 - 4Mn M-PESA 30-day active customers*
- *Target sites – 3,500 in FY25*

The Commercial Value We Deliver (continued)

Chief Finance Officer's review (continued)

5 year Group financial highlights

KShs'Mn	FY24	FY23	FY22	FY21	FY20
Voice revenue	80,541.1	81,053.9	83,211.8	82,552.0	86,529.9
Messaging revenue	12,319.2	11,375.6	10,876.7	13,602.4	15,403.5
Mobile data revenue	67,404.3	53,952.4	48,441.0	44,793.2	40,157.5
M-PESA revenue	140,006.7	117,192.2	107,691.8	82,647.4	84,438.0
Mobile incoming revenue	8,567.6	8,109.5	9,848.2	9,470.4	8,481.8
Other mobile service revenue	11,552.0	10,550.8	9,795.3	7,779.2	7,236.5
Mobile service revenue	**320,390.9**	**282,234.4**	**269,864.8**	**240,844.6**	**242,247.2**
Fixed line and wholesale transit revenue	14,962.2	13,457.9	11,242.5	9,507.2	8,966.9
Service revenue	**335,353.1**	**295,692.3**	**281,107.3**	**250,351.8**	**251,214.1**
Handset revenue and other revenue	10,540.3	11,449.8	14,334.0	12,316.5	10,487.8
Construction revenue	–	–	–	837.7	583.9
Other income	3,553.8	3,762.7	2,636.6	520.5	269.9
Total revenue	**349,447.2**	**310,904.8**	**298,077.9**	**264,026.5**	**262,555.7**
Direct costs	(97,046.9)	(92,232.1)	(91,467.8)	(80,015.1)	(74,701.0)
Expected credit loss (ECL) on financial assets	(5,807.4)	(4,725.3)	(2,361.2)	(3,009.7)	(1,669.6)
Construction costs	–	–	–	-837.7	(583.9)
Contribution margin	**246,592.9**	**213,947.4**	**204,248.9**	**180,164.0**	**185,601.2**
Other operating expenses	(83,300.3)	(74,085.0)	(55,187.0)	(46,034.8)	(47,559.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**163,292.6**	**139,862.4**	**149,061.9**	**134,129.2**	**138,041.6**
Depreciation & amortisation	(82,947.8)	(54,865.0)	(39,933.3)	(37,964.3)	(36,547.7)
Operating profit (EBIT)	**80,344.8**	**84,997.4**	**109,128.6**	**96,164.9**	**101,493.8**
Net finance income/(cost)	(16,641.5)	(7,087.1)	(6,439.2)	(2,022.4)	922.2
Share of associate & Joint venture profit/(loss)	(1,379.1)	(38.2)	(476.0)	(507.0)	3,357.0
Fair value adjustment to investment properties	-	90.0	-	-	-
Hyperinflationary monetary gain	22,363.2	10,383.1	-	-	-
Profit before income tax	**84,687.4**	**88,345.2**	**102,213.4**	**93,635.5**	**105,773.0**
Income tax expense	(42,029.0)	(35,862.4)	(34,717.3)	(24,959.3)	(32,115.1)
Profit after tax	**42,658.4**	**52,482.8**	**67,496.1**	**68,676.2**	**73,657.9**
Attributable to:					
Equity holders of the parent	**62,991.7**	**62,268.9**	**69,648.1**	**68,676.2**	**73,657.9**
Non-controlling interests	(20,333.3)	(9,786.1)	(2,152.0)	-	-
Profit for the year	**42,658.4**	**52,482.8**	**67,496.1**	**68,676.2**	**73,657.9**
Basic and diluted earnings per share (EPS)*	**1.57**	**1.55**	**1.74**	**1.71**	**1.84**
Profit for the year	**42,658.4**	**52,482.8**	**67,496.1**	**68,676.2**	**73,657.9**
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations	(7,278.1)	10,260.0	(9,536.3)	-	-
Total comprehensive income for the year	**35,380.3**	**62,742.8**	**57,959.8**	**68,676.2**	**73,657.9**
Total comprehensive income for the year					
Equity holders of the parent	59,230.9	67,984.7	64,335.4	-	-
Non-controlling interests	(23,850.6)	(5,241.9)	(6,375.6)	-	-
Total comprehensive income for year	**35,380.30**	**62,742.8**	**57,959.8**	**68,676.2**	**73,657.9**
Free cash flow	**19,867.3**	**23,853.0**	**63,669.7**	**64,515.6**	**70,273.4**
Ordinary dividend (paid/proposed) (KShs Mn)	**48,078.5**	**48,078.4**	**55,691.0**	**58,896.2**	**56,091.6**
Ordinary dividend per share (KShs)	1.20	1.20	1.39	1.37	1.40

**EPS is calculated by dividing the profit attributable to equity holders of the parent excluding hyperinflationary impact, by the weighted average number of ordinary shares issued in the year.*

The Commercial Value We Deliver (continued)

Our financial services

During the year under review, we continued to make a significant contribution in the Kenyan economy within the overall financial services landscape where we retain a strong and influential presence, with our M-PESA mobile money platform accounting for just over 60% of transactions.

We are proud that we continue to be licensed by the Central Bank of Kenya (CBK) as a payment service provider, and that we have achieved card security certification under the PCI DSS (Payment Card Industry Data Security Standard) to optimise the security and protect cardholders against misuse of their personal information, this provides us with an opportunity to offer financial services across the globe.

Moreover, in the area of financial inclusion we continued to work closely with government, with the aim of not only enabling financial access for our customers, but also fostering and promoting their financial wellness.

Technology usage

In the field of technology, we continued to work with developers, increasing their number from around 70,000 in FY2023 to reach over 79,900 in our ecosystem in the year under review. This aligns well with our mini-app strategy, which has seen the amount of mini-apps increasing to around 80, across all key sectors, from travel and transportation to healthcare and insurance. We also seek to broaden access through our work with the CBK and others on developing a QR standard for Kenya.

We enhanced capacity through upgrades to enable us provide better services to customers.

Use of emerging technologies such as Big Data & AI saw us offer personalised services through smart customer value management (CVM) system, fraud detection and prevention as well as offering credit capabilities.

Working with government

In partnership with government, we were able to support an estimated 3 million vulnerable elderly Kenyans with the disbursement of the monthly Social Security payments and also provide lending and savings to both individuals and groups an enabler for Financial Inclusion. We also continued to facilitate the disbursement of fertiliser subsidies, a key enabler of agricultural development.

Strategic Partnerships to Spur Innovation

We launched the Spark Accelerator Fund, an M-PESA Africa collaboration with Sumitomo, completing the integration of key FinTech platforms.

We continued to work with Financial Institutions, Fund Managers and other Fintechs to offer differentiated products and value added services to our consumers such as Buy Now Pay Later, Investments (Mali).

Our strategic focus – FY2024

The central strategic focus in our operations for the year under review was to scale our activities beyond payments. As a mobile network operator (MNO), we are responsible for over 90% of mobile payments. Our aim was to maintain this market share, but also to enter additional complementary spaces within the financial services sector implementing several strategic focus areas:

Remittance business

What we did: Around 70% of our foreign direct investment emanates from diaspora flows from Kenyans working outside of the country. A key aim was thus to identify the corridors through which money is sent back into Kenya. We extended that to include the Asian corridor, and through our partnership with TerraPay, we were able to enter markets such as Bangladesh and Pakistan. We also continue to work with PayPal, the Visa virtual card and other partners to ensure that our presence in the global market remains strong.

How we grow

What we did: Enterprise and business comprise an important part of our ecosystem, with a specific focus on micro, small and medium enterprises (MSMEs). Our aim was therefore to provide M-PESA with an offering of various payment acceptance points to enable MSMEs to digitise their businesses. This resulted in the launch of the M-PESA Business Portal with basic reconciliation and collection tools. The Pochi La Biashara also grew significantly over the year with micro-businesses embracing a wallet that is dedicated only to business, and separated from personal use.

Becoming a digital lifestyle provider

What we did: This strategic aim is predicated on our Super App and Mini App, with close to 80 apps added to our platform, where we cater for all rounded consumer needs in their daily lives – Financial Services, entertainment, shopping, transportation among others. We have enabled businesses through our APIs with over 40K integrations with services ranging from enabling payments, improving customer experience and enhancing security.

Expanding into new growth areas for consumer customers

What we did: The aim here was to provide services that spoke to customer needs by expanding credit solutions, which in turn enabled us to launch our merchant overdraft credit facility to better provide working capital access to our merchants and a buy-now-pay-later service at merchant points. We provided customers an avenue where they could invest any excess money sitting in their wallets in an interest yielding wallet and this therefore provided our business with a foothold in the world of savings and investments, a cornerstone of accelerating financial health.

Our key challenges

The macro environment* in which we operated during the year under review, formed the background to some of the challenges we faced. This environment included:

- Slowed GDP growth, negatively impacting consumer spending ability
- High inflation, affecting disposable income
- Introduction of the housing levy
- Increases in:
  - Taxation rate
  - Forex rates, particularly the US dollar which saw a 26.8% depreciation of the Kenya shilling
  - Fuel prices
  - Payments excise duty
  - Interest rates
- Increase in controls and compliance requirements following the grey-listing of Kenya
- Data privacy regulations coming into force

Against this landscape, we identified key opportunities to:

- Enhance security to counter the increasing incidence of fraud and money-laundering
- Embed greater usage of artificial intelligence (AI) and big data analytics to enable wider personalisation and offering value to our customers
- Scale our global partnerships such as those with MasterCard, Visa, Apple and Google.

***For more on the environment in which we operate, see page 84.**

Campaigns

During the year under review we conducted several focused campaigns in partnerships with banks and insurance companies on the theme of financial literacy, the most notable of which was with Old Mutual together with the Ministry of Education to create a financial literacy curriculum. We worked with teachers to develop tools for youth empowerment on budgeting, savings and responsible borrowing.

Other campaigns dealt with:

- **Consumer engagement,** through our loyalty programme Bonga, with the aim of a cash back component that would encourage savings to make bill payments. Additionally, we ran several Stretch and reward, Cross Sell Campaign & Winback Campaigns.
- **Fraud prevention and awareness –** An always ON campaign to raise customer awareness.
- **Micro-services**
  This technology allows us to integrate increasing numbers of services on our platform to provide a more comprehensive solution for our customers.

M-PESA performance

M-PESA recorded its best-ever performance in the year under review, showing exceptional growth in revenue by 19.4%, reflecting:

- Member payments as the largest contributor at just over 90%
- Consumer payments accounting for 64.6% of total revenue
- Global payments growing by 20.0%
- 1.2 million monthly active medium-sized businesses
- Over 32 million active customers
- 42,000 integrations into our ecosystem
- 9.6% and 33.9% growth in value and volume of transactions YoY
- 52.5% increase in value of chargeable transactions – especially noteworthy, as 44% of transactions are currently free, comprising all those transactions below the value of:
  - KShs 100 for consumers
  - KShs 200 for businesses
- All 30-day-active customers using the platform for 16 days a month, up from 14 days YoY
- 1.4 million card applications, with 800,000 cards created YTD
- KShs 7 billion transacted in global payments
- 35% growth in annual remittances, with an increase in active customers growing from just under 1 million in FY2023 to around 1.5 million

Looking ahead

In the short- to medium-term we see significant opportunity for growth in the global and international remittances space. Additionally, accelerating growth in the areas of lending where we shall continue providing consumers with short-term credit facilities. Our strategic intent will be to utilise M-PESA as a platform to scale these business aspects.

We also see a key focus on the savings and investments side with an aim to democratise this area through partnerships with regulators and industry players where consumers will be able to access saving and investment instruments such as Treasury Bonds, Stock Trading, Unit Trusts. We would like to bring down the savings threshold to less than KShs 100, to enable us to cover the majority of the Kenyan population. Insurance and in particular, retail insurance, will be a focus as we endeavour to provide embedded insurance in our credit products but also scale in other insurance offerings.

In the medium- to long-term we envisage maximising opportunities in the use of Big Data & AI, which has already delivered success in our customer value management (CVM) system, by enabling us to personalise customer experiences and offer relevant financial products. Additionally, use of Micro-services, which is a technology, allows us to integrate increasing numbers of services on our platform to provide a more comprehensive solution for our customers.

In the public sector we will seek to continue government partnerships as it seeks to roll out digital identification, a key enabler in tackling anti-money-laundering (AML) and know-your-customer (KYC) issues.

Cybersecurity and Fraud will continue to pose a significant risk and will require ongoing vigilance, technology enhancements and ensuring a worry-free experience for the customer. Data privacy will become increasingly important and efforts to adhere to the laid-out regulations will continue in the new year.

Macro-economics will remain an important factor in all our considerations, with issues such as taxation and currency stability always able to exert financial pressure on our customers.

Scaling Our Operations in Ethiopia

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Scaling our Operations in Ethiopia

Who and what we are in Ethiopia

Our purpose

Transforming lives for a digital future

Our vision

To be a loved and innovative brand

Our brand promise

Further ahead together

Our values

- Customer obsession
- Trust and respect
- Speed and innovation
- Compliance and integrity

Our culture and leadership standards

- Earn customer loyalty
- Get it done, together
- Create the future
- Experiment, learn fast

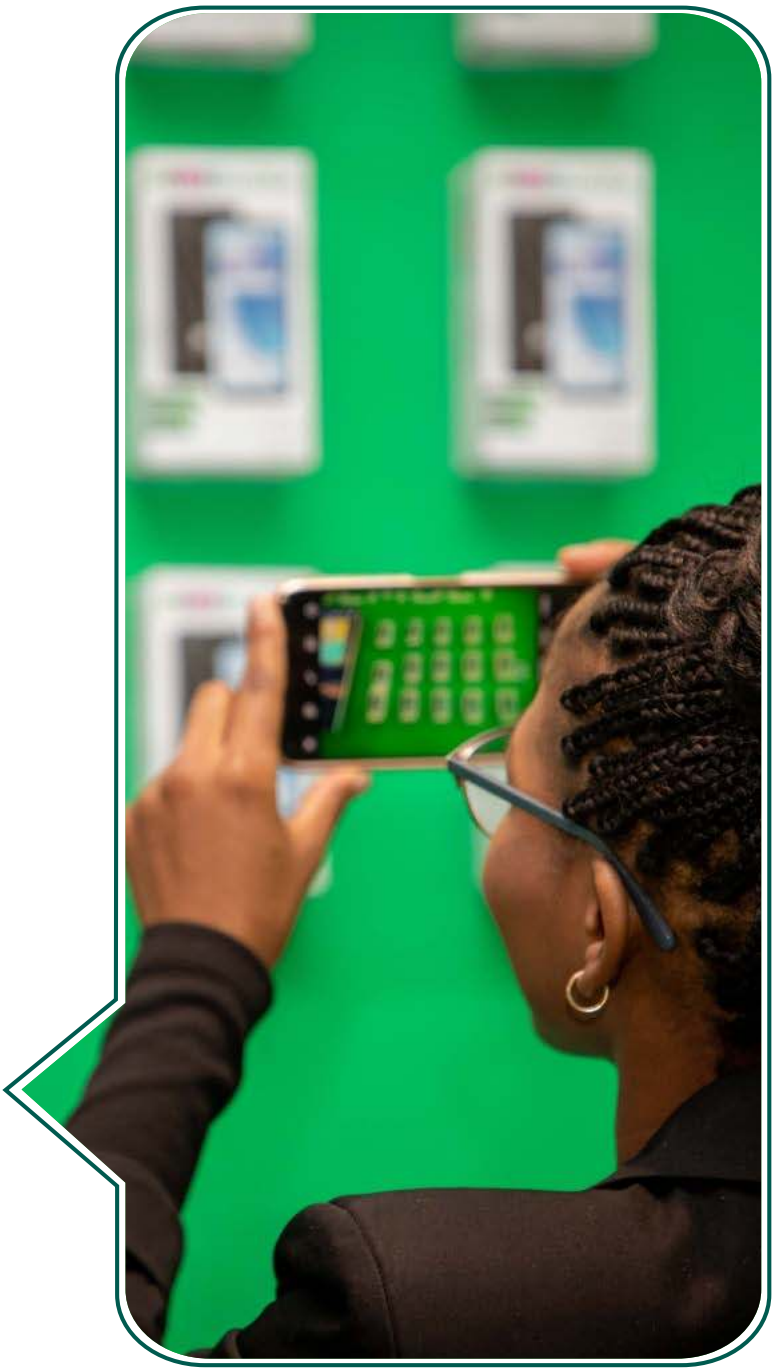
Our foundational pillars

- Fastest data network
- Superior customer experience
- Inclusive digital financial services
- Social contract and commitment to environment, society and governance

Safaricom Ethiopia – FY2024 at a glance

In both customers and usage, we have shown sustained growth momentum in Ethiopia.

- 4.4Mn 90-day active customers
- 4.5Mn Total Registered M-PESA Customers
- 2,806 Network 2G/3G/4G Sites
- 38% Population Coverage
- 887 Permanent Employees
- 4.3GB per Mobile Data User (March 23 exit at 6.2GB)



Overview

While we may not have reached our customer acquisition targets in the year under review, we have made some significant progress in that our actual customer base has increased to 4.4 million, which we believe represents about 10% of the market. Moreover, in the crucial area of network roll-out, with more than 1,500 sites added since March 2023, we have demonstrated our ongoing ability to add around 125 new sites per month, even if our expectation had been to achieve a level of 200. Our EBIT of negative KShs 45 billion was also well in line with our guidance.

Moreover, after being awarded our license in May 2023, we also successfully launched M-PESA in August 2023, and have already attained a base of 4.5 million registered customers.

Our data usage per customer is high at around 5.2 GB, higher than in most other markets in the Vodafone or Vodacom family, with the increase in ARPU driven by this trend. This is in contrast with our voice usage which remains below the monetisation levels we would like to see – an issue related to the interconnect rate being higher than expected, although this is expected to come down in the new financial year.

Branding

There has been some impact from a service restriction order arising out of the civil unrest and the resultant state of emergency, with a number of sites not able to provide data services, which has an influence on our overall strategy of data-usage promotion. Nevertheless, we have repositioned the brand towards the aspirations of the youth market, as a digital-first solution, and are therefore focusing on the urban market. We understand from surveys that we have done, that most of our customers are using the Safaricom line with a secondary SIM for data, while retaining the competing Ethio Telecom for voice usage.

Site-sharing

Our planned sharing of sites with Ethio Telecom has not been fully realised, with only 40% of the targeted 60–70% shared. This has necessitated an outlay in both time and capital to redress the coverage needs by building our own sites. Infrastructure sharing remains both a challenge and an advantage, and we are committed to finding the right balance which retains our independence while at the same time facilitating expansion through existing infrastructure.

Scaling our Operations in Ethiopia (continued)

Our Ethiopian operating environment

Ethiopia is home to

- 120 million people, making it the second-most populous country in Africa
- Great diversity, with over 80 ethnic groups and languages
- One federal government, 12 regional governments, with a high level regional empowerment and decision-making

Economy

- Easing inflation – at 26.2% in March 2024
- Liquidity pressure in the market
- 2023 GDP growth expected at 6.0%

Regulatory

- Revised mobile money limits – daily transaction limit: ETB 75,000
- Proposed 45% privatisation of Ethiotel
- Telecom licence request for quotation (RFQ) issued on 30 June 2023

Political

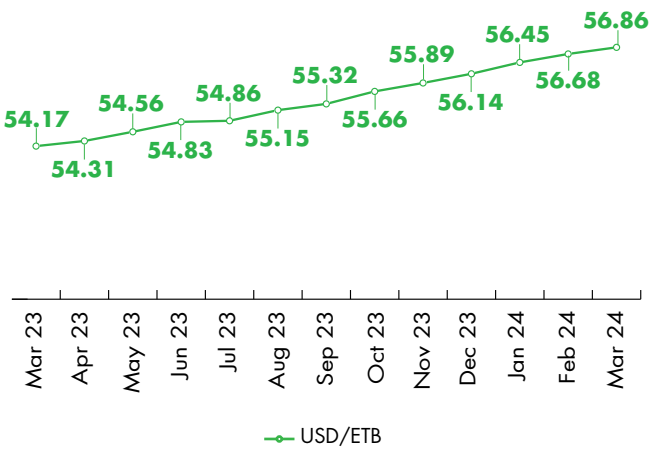
- Previously in-force social media blockade lifted in July 2023
- Stable security situation in Tigray
- Amhara under state of emergency regulations

Currency stresses

The Ethiopia Birr (ETB) depreciated by 5.0% in FY24 (April 2023 – March 2024) to ETB 56.9. In September 2022, to address the foreign currency shortage, the government implemented several measures intended to improve access to dollars.

The National Bank of Ethiopia (NBE) banned the use of foreign currency in local transactions, while reducing the number of days that a returning resident can keep foreign cash from 90 to 30 days. In addition, the Bank also relaxed restrictions on how much foreign currency can be brought into the country.

USD-ETB exchange rate



Source: Bloomberg

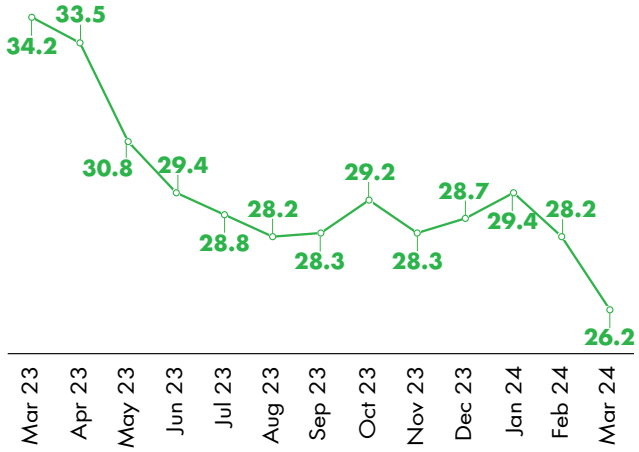
Inflation

Inflation has been one of the most difficult macroeconomic challenges facing Ethiopia over a period of many years, as reflected in the average inflation rate of 16% per year registered over the past decade.

That said, inflation has remained below 30% since June 2023, according to data from the statistics office, with the annual inflation rate declining to 26.2% in March 2024 compared to a high peak of 37.3% in May 2022. In April 2024 food inflation, which accounts for 53.5% of the Consumer Price Index (CPI) remained elevated at 27.0% YoY while non-food inflation was significantly lower at 18.0% YoY compared to 36.1% in April 2023.

The NBE has set targets to reduce inflation to below 20% by June 2024 and below 10% by June 2025, by moderating credit growth and sharply reducing direct advances to the Treasury.

Inflation rate (%)



Source: Ethiopian Statistical Service

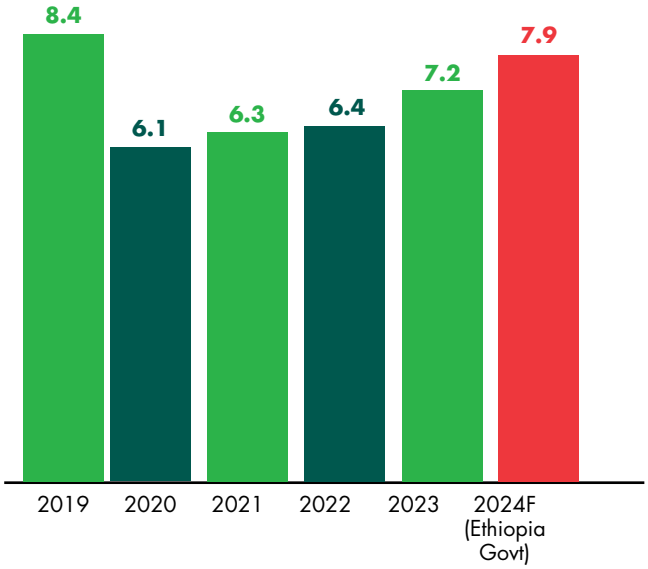
Economic growth

In the last three years, the Ethiopian economy has faced multiple shocks including the impact of the COVID-19 pandemic, internal conflict, drought and the effects of the Russia-Ukraine war on commodity prices. GDP growth fell to 6.1% in 2020, from 8.4% in 2019, although it remained above East Africa's average of 4.7% in 2021 and 4.4% in 2022.

The Ethiopian government expects the county's economy to grow by 7.9% in the current Ethiopian 2023/2024 fiscal year, which began on 8 July 2023 driven by the peace dividend, rebounding tourism and the prospect of liberalising more sectors. Assuming that no new shock disrupts economic stability, the World Bank projects strong growth of 7% to persist in Ethiopia in 2024–25, supported by increased investment and a recovery in government consumption.

To drive growth, the government is focused on reducing inflation, improving the performance of the agriculture sector while increasing tax revenue and foreign direct investment inflow into the country.

GDP Growth Rate (%)



Source: Bloomberg

Strategising our brand

Positioning for a youthful market

Almost three million Ethiopians turn 18 every year. This means that 40% of the population is less than 15 years old, with 30% being between the ages of 15 and 30.

We recognise that that this high proportion of people – GenZ – about to enter adulthood represents the broadest common lifestyle and attitude base, and that this youthful market thereby offers important opportunities, as it reflects:

- An openness to the new
- A high affinity for data

Our marketing strategy is therefore designed to:

- Focus on the Ethiopian GenZ
- Win with best-in-class digital experience for:
  - Know
  - Buy
  - Service
- Focus on the aspirational with international brand positioning
- Establish technology as the enabler of youth economic progress
- Deliver quality across data, network experience, products and customer service touchpoints.

Scaling our Operations in Ethiopia (continued)

M-PESA in Ethiopia

The market we are targeting is characterised by:
- High banking penetration
- 99% of low-value transactions made in cash
- 11% of the population has access to financial institution loans
- Lower rates of town-to-village money transfer
- USD 6.9 billion in annual diaspora remittances

Building on a launch that took place soon after the introduction of GSM, our proposition is built on:
- Solving the cash payment problem
- Offering advanced services from inception
- Promoting digital channels via our Super App from inception

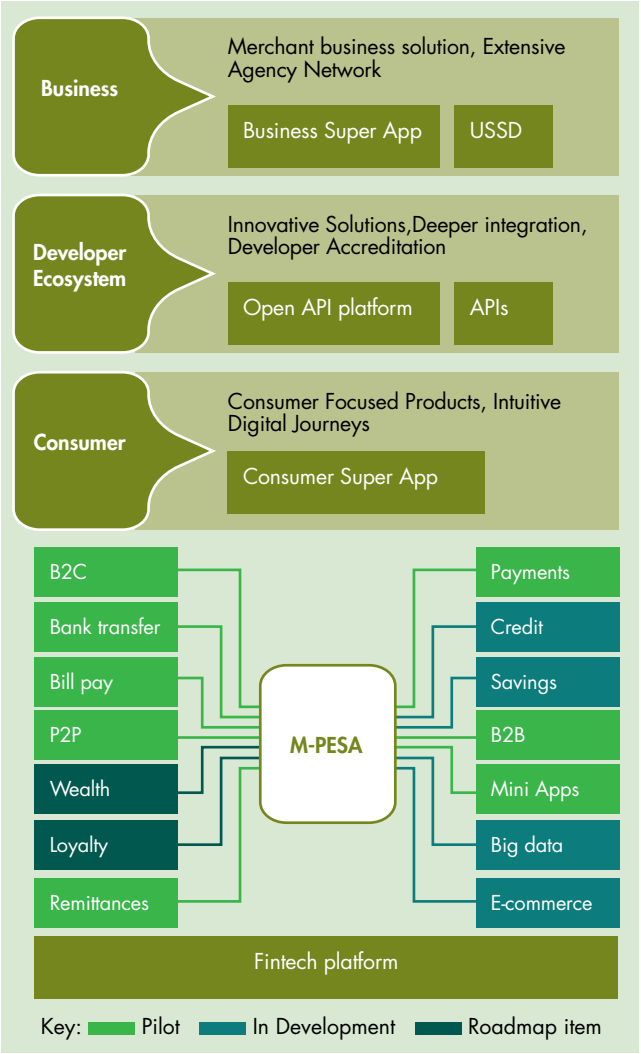
We are able to scale our M-PESA operations by building on the foundations of:
- **Customer acquisition**: 4.5 million registered M-PESA customers
- **Agent and merchant eco-system**: 63,000 merchants, over 70 supermarket outlets, and 26,000 agents
- **Partnerships**: 12 banks, three e-commerce international money transfer platforms, 12 partners and three corridors

Our M-PESA brand offering is based on:

Technology platform	Agile delivery
• 400 TPS platform • Over 99% service availability • Converged app and USSD channels • Open application programming interface (API)	Six active squads: • Consumer • Credit • Merchants • Integrations • Onboarding and support • Technology operations

Our M-PESA approach

We have leveraged on our experience to build a complete three-sided ecosystem from inception, as opposed to the incremental approach we have employed in other markets.



We leverage this approach on our partnerships with local banks, our more than 100 international money transfer corridors, and e-commerce and government payments channels.

For more on the performance Safaricom Ethiopia see page 114.

Agile

Our operating model is predicated on three pillars of the Safaricom agile culture:

- Operational efficiency
  - Digital first, maximising value-for-money
  - Reducing IT costs through in-sourcing via in-house talent
- Capex
  - Low Average return per user (ARPU) market
  - NOPEX: operating savings start at the design-phase of the network build
  - Infrastructure Sharing
- Our people
  - Lean and agile organisation
  - Focused talent recruitment and skills building

Looking ahead

In the short- to medium-term, we will be entering the scaling phase of our operation in Ethiopia, in which we will be ready to execute, implement and target:

- Customer-per-site to benchmark level
- Infrastructure rollout of more than 4,000 sites
- Untapped fixed, enterprise and wholesale markets
- ARPU of USD 2.00
- M-PESA platform growth leveraging our best-in-class toolbox

Also in the short- to medium-term we believe we can target 4,000 to 6,000 customers per site, from our current level of 2,000. This will lead to far greater opportunities value extraction, while at the same time enabling monetisation of voice.

We will be also be targeting the monetisation of M-PESA, building on the strong foundation we have already achieved. With the ongoing growth in coverage, and we see the maximisation of the fundamental opportunities that offerings present in a market comprising a large population weighted towards aspirational youth.

While regulatory challenges remain in the short- to medium-term, we believe in the long term that best global practice will be guiding principle, enabling the wide potential of the market to be fully realised.

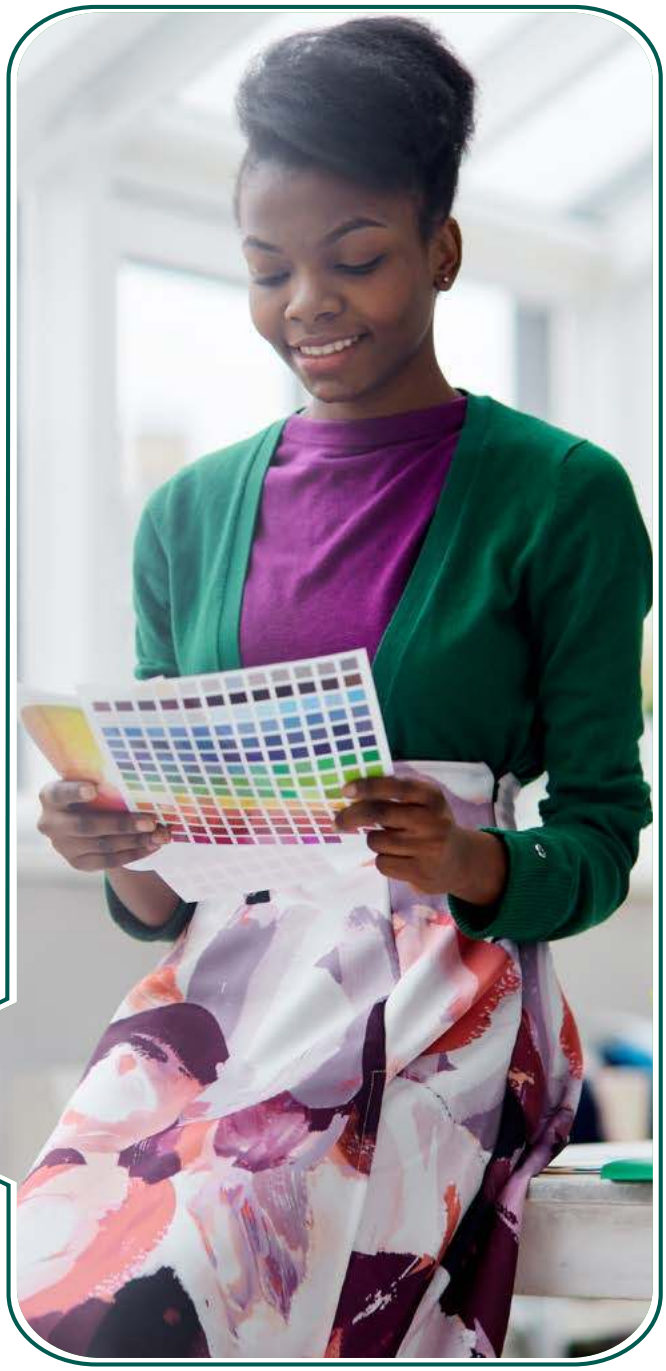
With management changes having already taken place during the year under review, there has also been a significant reduction of expat employees. This trend will remain an important feature in the medium- to long-term as we move towards increasing the transfer of knowledge and skills to local people.

Our evolving operating model

As we have faced the challenges of a market landscape that has been impacted by security, regulatory and infrastructure-sharing dynamics, during the year under review, we accordingly adjusted our operating model to better reflect the reality on the ground. This has included elements such as:

- Free voice usage to attract and excite the market
- Actively targeting aspirational youth
- Reactively building a greater proportion of the necessary

Our top-line has therefore changed significantly, requiring the right measures to continue to be taken in order to positively affect the bottom-line.



The Social Value We Contribute

OUR SOCIAL AND RELATIONSHIP CAPITAL 120

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- CONSERVING OUR ENVIRONMENT 127

The Social Value We Contribute

Our social and relationship capital

The global context vis-à-vis the UN SDGs

According to a GSMA report*, globally progress was recorded on support for the UN SDGs since 2015, the average SDG impact score in the mobile industry slowed in 2022. However, if the current trajectory is maintained, the industry is projected to achieve 76% of its full potential impact on the SDGs by 2030. The report envisages that an accelerated contribution can be achieved by:

- Integrating purpose into core business
- Reforming policy to support sustainable levels of investment in mobile infrastructure
- Facilitating the use of mobile-enabled activities and scaling IoT solutions to power enterprise digitisation
- Leveraging the role of the international community, UN agencies and multilateral development banks to prioritise investment in digital development
- Tapping into the potential of AI, big data analytics and mobile innovation to address societal challenges

** The Mobile Economy 2024 (https://www.gsma.com/solutions-and-impact/connectivity-for-good/mobile-economy/wp-content/uploads/2024/02/260224-The-Mobile-Economy-2024.pdf)*

These measures dovetail with our strategic pillars, our focus on innovation, customer obsession, agile ways of working, and in particular, with our purpose of transforming lives, our mission to accelerate new growth areas delivering superior customer experience in order to be a purpose-led technology company by 2025, and our culture as a purpose-driven, customer-obsessed, innovative and collaborative organisation.

It was in ongoing recognition of these synergies during the year under review that we continued to invest time, effort and funds in fostering our sustainability agenda.

At Safaricom, in realising our social and relationship capital we embrace as an obligation a commitment to being a responsible corporate citizen. This is fully in alignment with our purpose of transforming lives, and it underpins our determination to foster and promote a society which is not only inclusive, but itself fosters opportunities through education, health and economic empowerment and the conservation of our natural environment. In undertaking this responsibility, we seek also to strengthen and contribute towards the implementation of relevant UN SDGs.

Our activities in FY2024 – an overview

Our Shared Value team continued with its mission of identifying, developing and scaling Technology for Development (T4D) solutions with the aim of catalysing the Company's purpose to make a sustainable social impact and bestow the value we create.

Our focus thus remained on identifying, developing, piloting, and scaling sustainable product innovations and establishing shared value strategic partnerships in the key vertical areas of:

- Health
- Education
- Humanitarian
- Agriculture
- Essential services

We have at least 16 products in the pipeline, all at different stages of product development.

Forums facilitating our input

During the year, Global Refugee Forum (GRF), World Refugee Day and African Forum for Displaced Persons were among the key forums in the humanitarian space that have contributed to our helping to unlock opportunities in the refugee space, especially with the UN Refugee Agency (UNHCR).

Other key advocacy in year under review includes:
Africa Climate Summit COP28
United Nations General Assembly
Mobile World Congress (MWC)

Our initiatives – FY2024

What we did	The people we reached and the impact it made
Non-Communicable Diseases (NCD) Patient Education Platform	± 12,000 users
Bonga for Charity donation product	Over 4,000 lives touched, with over 25 million Bonga points donated
Early-Warning Messages (TERA) Alerts	± 20 million lives benefitting, with in-kind support to the value of approximately KShs 6 million provided to the Kenya Red Cross Society as a disaster mitigation and response
Digital Green Points for circular economy	Over 10,000 users, with more than KShs100,000 redeemed as M-PESA value, resulting in over 10,000 tonnes of plastic waste collected and recycled by Mr. Green Africa

GIGA Project, in partnership with UNICEF	Of the target of connecting 127 schools, 91 have been connected. In addition, the programme has:
	• Undertaken the training of two teachers per school
	• Targeted a total of 182 by completion of the project
	• Benefited:
	  • 115,560 boys
	  • 111,738 girls
	  • 227,298 students reached in total

Chapa Dimba Football Tournament	Support for this embracing competition includes: • Free Medical Camps • Players' and coaches clinics • Digital and financial-literacy training • Expansion into Central and North Eastern regions • Regional finals matches

These are initiatives in the pipeline.

The Social Value We Contribute (continued)

Our social and relationship capital (continued)

Shared value strategic partnerships

Our partnerships continued to be productive, with several important outcomes achieved:

- UNHCR Partnership
  - Engagements target the unlocking of opportunities among refugee through co-creation and advocacy, to allow refugees to use telco services including M-PESA under the new Refugee Act
  - The joint Kakuma Mission on 4 March 2024 increased insights towards our long-term partnership
- Savanah Informatics and Intel iSOFT Consulting
  - Afya Moja Product agreement in Q2 of 2023
- World Reader
  - POC agreement in Q4 of 2023
- ITU/CISC
  - Digital Transformation Centres Initiative
- World Metrological Organisation (WMO)
  - Early Warning Solutions as outlined by the UN Secretary General

Sponsorships

During the year under review, the Company continued to support a variety of events and initiatives with the aim of uplifting and improving the quality of life for Kenyan communities.

Event/Initiative	How we provide support
2024 Magical Kenya Open (MKO)	**KShs 6.2 million,** as the MKO official technology partner, providing: • Internet connectivity with event sponsorship • Cell on Wheels (COW) to support global streaming of the event • Scoring devices and communication airtime
Sports Personality of the Year Awards (SOYA)	**KShs 2 million** cash sponsorship announced to: • Support the 20th anniversary of the event
East African Safari Classic Rally	**KShs 6 million**, to: • Support the nine-day rally event which attracted a field of 63 drivers from 27 countries
Nairobi International Jazz Festival	**KShs 1 million**, in: • Support of the festival held at the Bomas of Kenya • Honour of Breast cancer Awareness Month, with proceeds channelled to Twatukuza Trust to contribute to the support of initiatives that include raising public awareness to help save thousands of lives

Awards and recognition

Our efforts and commitment were acknowledged during the year at two important events:

- The inaugural Environment Sustainability Awards by the United Nations Environment Programme (UNEP) and the Kenya Private Sector Alliance (KEPSA), held in July 2023, recognised the Company for its climate action initiatives.
- The fourth Africa Public Sector Conference and Awards, held in August 2023, Safaricom was awarded a place among Africa's Top 50 Companies in Sustainability.
- Safaricom injects KShs 6 million to support the 11th edition of the East African Safari Classic Rally.

Our foundations (Safaricom and M-PESA foundation)

It is with these goals and commitments in mind that we established the Safaricom and M-PESA Foundations. These foundations, both governed by a separate and independent Board of Trustees and the same management team, play a key role in serving as conduit, initiator and implementor in our quest as an organisation to promote and facilitate upliftment, betterment and equality of opportunity, helping, through their activities, to improve the lives of all.

		Impact
Safaricom Foundation	• Established in 2003, and registered as a trust, the Safaricom Foundation focuses on health, education, economic empowerment and humanitarian response. • Funded by Safaricom Plc at KShs 510 million and other donations during the year under review	• *Touching* over 3.5 million lives • *Working* with over 2,000 partners • *Active* in 47 counties
M-PESA Foundation	• Established in 2010, and registered as a trust, the M-PESA Foundation focuses on large scale, long-term programmes in health, education, humanitarian response, environmental conservation and integrated water and livelihoods programmes. • Funded through M-PESA deposits	

The Safaricom Foundation

As a partner and support system for Kenyans looking to transform their lives, we focus on health education, economic empowerment and sustainable philanthropy to enhance equity. Moreover, in doing this we aim to build a thriving and prosperous Kenya by providing resources, opportunity, and hope.

Our impact since 2003

- **47** Counties covered
- **KShs 7 billion** Invested
- **3,000+** Projects funded
- **12 million** Lives improved

The Social Value We Contribute (continued)

Our two foundations (continued)

The Safaricom Foundation (continued)

Implementing our strategy

During the year under review, with our FY2023 audit complete, we commenced the implementation of our 2023–2026 strategy. In doing so, we co-created programmes with partners focusing on the three key areas of health, economic empowerment and education.

All our philanthropic initiatives – Pamoja, Regional Engagement, Usamaria and Ndoto Zetu Phase V – were launched at the Machakos School for the Deaf on 11 July 2023, and included a number of specific projects.

Focus area and UN SDG supported	The project	What it is	What we achieved
Health	Afya Uzazi Salama	The programme is designed to reduce maternal, neonatal children's' and non-communicable disease morbidity and mortality in Narok County, and is being implemented by AMREF Health Africa in Kenya. The programme is focused on improving the accessibility and demand for Reproductive, Maternal, Newborn, Child Health (RMNCAH), and Non-Communicable Disease (NCD) services.	• 209,011 people will benefit. • Usamaria Committee disbursed a total of KShs 19.5 million for needy medical cases, benefiting 78 Kenyans.
Education	Wazesha TVET Programme	Launched on 12 October 2023 in Isiolo County, with the goal of improving access to quality, equitable and inclusive skills and learning opportunities for Kenyan youth. The programme is being implemented in Nairobi, Isiolo and Marsabit Counties by Catholic Relief Services (CRS).	• 1,300 students are set to benefit from direct scholarships across selected TVETs.
	Digital skills programme, and renovation of eight Teacher Training Colleges (TTC) ICT laboratories	A programme with the goal of enhancing digital learning in collaboration with the Ministry of Education, TSC of Education and TSC.	• 15,000 trainee teachers across 35 Teacher Training Colleges in Kenya will benefit.
Economic Empowerment	COVID-19 Adaptation Revolving Fund programme	While the grant for this programme came to an end during the year, the aim was to provide micro loans to Kenyans to cushion them against the effect of the COVID-19 pandemic.	• 8,409 jobs were created or retained. • 6,395 enterprises • KShs 87 million was disbursed in loans over three years

	Wezesha Agri Programme	A programme implemented by Africa Instore Solutions (AIS), aimed at empowering women and youth in Kajiado County through agriculture.
		
		The programme ran from May 2022 to November 2023, at a cost of KShs 23.9 million, focusing on sustainable farming practices and economic empowerment.
		
		The programme was evaluated, with Phase 3 approved.
			• A demo farm for training individuals and groups in farming skills and technologies was established in Oloitoktok, Kajiado County, achieving successful skill development with:
			  • 1,884 farmers recruited
			  • 1,121 trained, and graduated
			  • 21 partners and collaborators supporting 17 major value chains

Employee Engagement	Foundation CSI initiatives and projects	These included: • Tree growing • Handover of community projects • Medical camps pate in CSI activities.	• EXCO has taken the lead in influencing more employees to participate
	Ndoto Zetu Phase V	Phase V of Ndoto Zetu, a funding stream that supports the dreams of Kenyans was launched.	• 6,301 proposals were received • 400 projects were approved and are under implementation to benefit at least two million Kenyans
	Pamoja	An initiative that supports Safaricom staff to identify community projects.	• 65 projects selected for funding after a rigorous vetting process are under implementation
	Safaricom@20	Safaricom's 20th anniversary celebrations were initiated on 9 August 2023 with the CEO leading employees at Kenyatta National Hospital.	• 5,000 people, have been reached through interventions
	Leveraged funding	Various programmes and partnerships.	• A target of KShs 350 million • KShs 371 million leveraged
	Disaster response	Support for Kenyans to access both food and non-food items.	• 14,000 Kenyans were provided with support

M-PESA Foundation

We partner with Kenyans to implement large-scale and highly impactful community projects. We aim to promote health, education, environmental conservation, and integrated livelihoods for the social and economic benefit of the people of Kenya.

During the year under review, the M-PESA Foundation continued to implement the community investment framework that focuses on health, education and integrated water, environment, disaster response and livelihood programmes. Initiatives were undertaken in all our focus areas:

Focus area and UN SDG supported	The project	What it is	What we achieved
Health	Uzazi Salama	Our KShs 150 million programme for maternal, newborn and child health aimed at decreasing maternal and newborn health morbidity and mortality rates in Homabay County came to an end. The programme is being scaled to Kilifi County which has a high rate of maternal and newborn mortality.	• The programme leveraged technology to train community health volunteers. 85,367 beneficiaries directly benefitted from the interventions • The scaled programme aims to benefit at least 524,449 beneficiaries
	Daktari Smart	A telemedicine programme, whose goals are: • to improve access to high-quality healthcare for children in counties without a resident paediatrician by leveraging technology • To provide treatment to children up to 21 years in hard-to-reach counties. The programme is implemented in Homabay, Samburu, Lamu, Narok and Baringo counties.	• 8,560 patients were treated
	M-Mama	A technology-enabled programme to provide an emergency transport system in Kenya, co-funded with the Vodafone Foundation and USAID, launched by Health CS Hon Susan Nakhumicha and Samantha Power, Administrator of the USAID.	• A total of USD 10.7 million has been committed to by the three co-funders with potential for the M-PESA Foundation to co-fund more in time • Co-creation of the M-Mama programme
	Fistula Programme	A response that aims to restore dignity for women and girls with female genital fistula in Kenya, with ongoing implementation across the country	• A total of 429 surgeries have been performed against a target of 1,000
	Medical camps	Continued provision of accessible and affordable healthcare services to underserved communities	• Twelve medical camps have been conducted • 19,061 beneficiary patients

Education	The M-PESA Foundation Academy	Established to provide quality education to bright children from poor backgrounds in all 47 counties, with the aim of producing model leaders, doers and thinkers.	• 561 students
			• 568 learners actively enrolled in various tertiary institutions in four cohorts, including in:
			  • Australia (4)
			  • Grenada (2)
			  • Kenya (430)
			  • Switzerland (9)
			  • UK (80)
			  • USA (43)

	Wezesha Elimu	Although the grant for this programme has now ended, its aim was to contribute towards providing improved access to education for children with disabilities so that they can achieve their full potential and lead a dignified life. The programme is being evaluated.	• 188 paediatric orthopaedic and other surgeries were realised • 158 mobility devices were distributed • 152 orthopaedic rehabilitations were performed
	Employability Skills of Visually Impaired Youth	A programme to improve the employability skills of visually-impaired youth through access to quality inclusive education and training in innovative digital assistive technologies.	• 200 youth with visual impairments provided with access quality inclusive education
Environmental conservation	Securing the future of the last remaining Kenyan roan antelopes	Continued implementation of the initiative at the Ruma Park in Homabay County.	• 18 roans currently exist • Restoring of parts of Kakamega Forest commenced in partnership with Rhino Ark, KWS and KFS

The Social Value We Contribute (continued)

Our two foundations (continued)

M-PESA Foundation (continued)

Looking ahead

In the short-, medium- and long-term, our goals are to:

- Continue implementing our strategic programmes – UZAZI Salama, TVET, Wezesha Agri and Digital Skills for teachers
- Launch Ndoto Zetu Phase VI and the other Philanthropic projects – Pamoja, Usamaria and regional
- Identify community programmes for investment/co-development with relevant partners to increase our impact
- Roll out the M-Mama emergency transport programme for mothers and newborns
- Ensure employee engagement for continued community engagement
- Continue convening strategic partners under the banner of both the Safaricom and M-PESA Foundations for:
  - Continued learning
  - Influencing of philanthropy practice through regional dissemination forums and a national partners' forum
- Continue implementing the integrated fistula programme with partnering counties and organisations
- Continue implementing medical camps across the 47 counties, and plan for a new phase
- Continue resource and strategic partner mobilisation to increase our scale and impact in communities.

Conserving our environment

As part of our commitment as a responsible corporate citizen, during the year under review we continued to monitor our use of resources, and implement measures with the aim of conserving energy, acting on climate change and decarbonisation, targeting zero waste and promoting sustainable supply chains and community investments as well as workplace safety.

The fruit of our commitment

What we do	Measuring our actions	Setting our targets
Safaricom technologies and innovations	• Air quality monitoring innovation using IoT • Energy efficiency on our sites suing IoT technology • Partnership with Vodafone, WWF and KWS that uses solar-powered AI technology to prevent human-wildlife conflict by detecting and deterring wild animals in human settlements • Tree growing app to track our tree growing project • 30,000 sites equipped with AVA energy-efficient software	• Leverage on technology to reduce our impact on environment and protect biodiversity
Recycling	• 98% recycling rate • A total of 290.438 tons of network waste recycled/refurbished with the business earning KShs 25,660,252 from this disposal • Expanded scope of sustainable waste management to 61 facilities outside Nairobi to a total of 73 • 1,950 tonnes of e-waste recycled • Signed a collaboration framework with WEEE centre to manage e-waste • 77,960 eSIM users • 1.2 tonnes of SIM cards recycled • 50% reduction in SIM card size	• Recycle/repurpose 100% of solid waste • 20% YoY growth in mobile handset collection and recycling • Recycle, reuse or resale of 100% of network waste • 100% elimination of single-use plastics
Decarbonising society	• CAVEX: working with partners to advance commitment to buy carbon credits and remittance via M-PESA • Successful integration of M-PESA in Mr Green Africa plastic collection and recycling program green point system to catalyse proper plastic disposal, 10,000 users on-boarded and KShs 100,000 redeemed in M-PESA value • School regreening programme launched • 10,000 tree seedlings donated towards Safari Rally initiative • Engaged in thought-leadership forums by KEPSA, WWF, EIK and Taka ni Mali to share expertise on embedding circularity	• Digitisation of products and processes. • Tree-growing in communities and schools, with a target of 1,000,000 fruit trees at schools • Thought leadership and advocacy
Tree growing	• 1.5 million trees grown to date in five sites across the country, restoring 1,500 ha of degraded public forests • 2,914 Community Forest Association (CFA) members engaged, impacting 14,570 livelihoods • Signed a collaboration framework with the Kenya Forest Service (KFS)	• Adopt a forest collaboration framework with KFS to grow: • 5 million trees in degraded forests
Solar transitioning	• 1,432 sites operating on solar energy • 23% solar energy mix	• Expand solar deployment to all 5,000 sites

Emissions reduction	• 32.9% Scope 1 and 2 emissions reduced since 2017
	• Improved CDP score from B to A-
		• Reduce Scope 1 and 2 emissions by:
		  • 43% by 2030
		  • 74% by 2050
		• Reduce Scope 3 emissions by:
		  • 41% by 2030
		  • 72% by 2050
		  • CDP score of A

How We Safeguard Value

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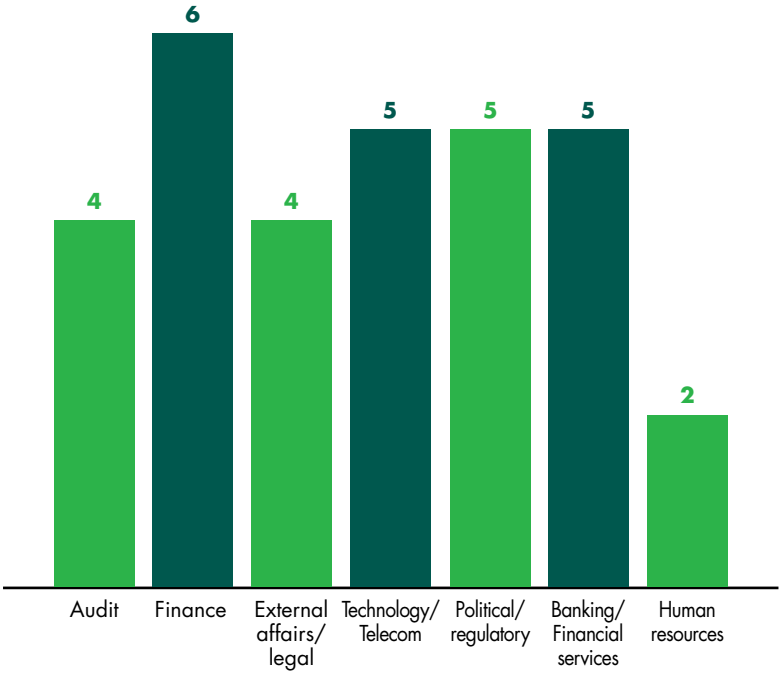
How We Safeguard Value

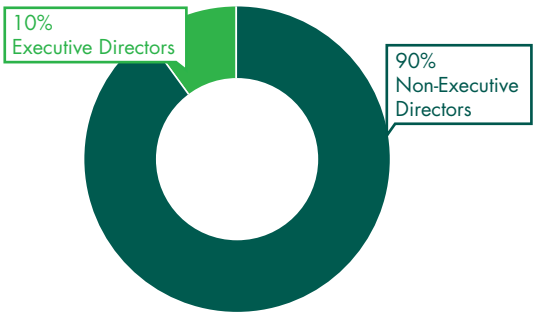
Who governs us

The Constitution of the Company's Board as stipulated by its Articles of Association is 11 Directors. There are currently nine Non-Executive Directors and one Executive Director, the Chief Executive Officer.

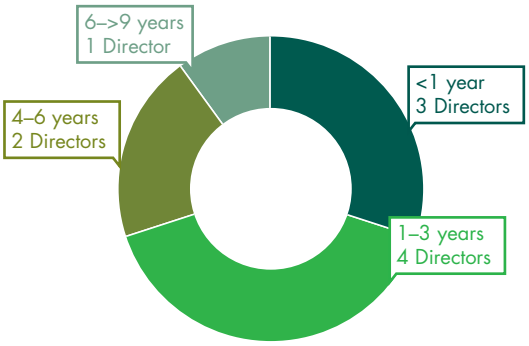
Skills and expertise of the Non-Executive Directors



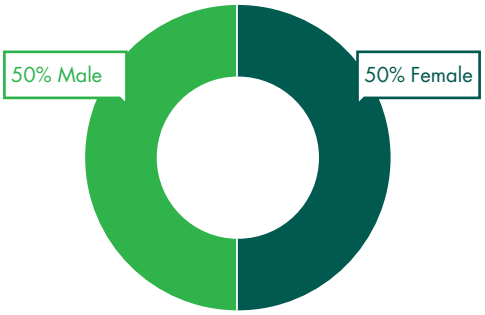
Balance of Non-Executive and Executive Directors



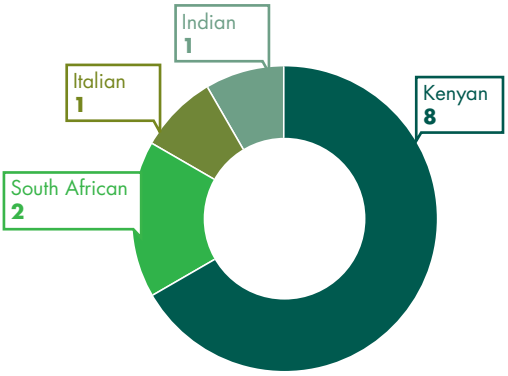
Board members – Length of tenure

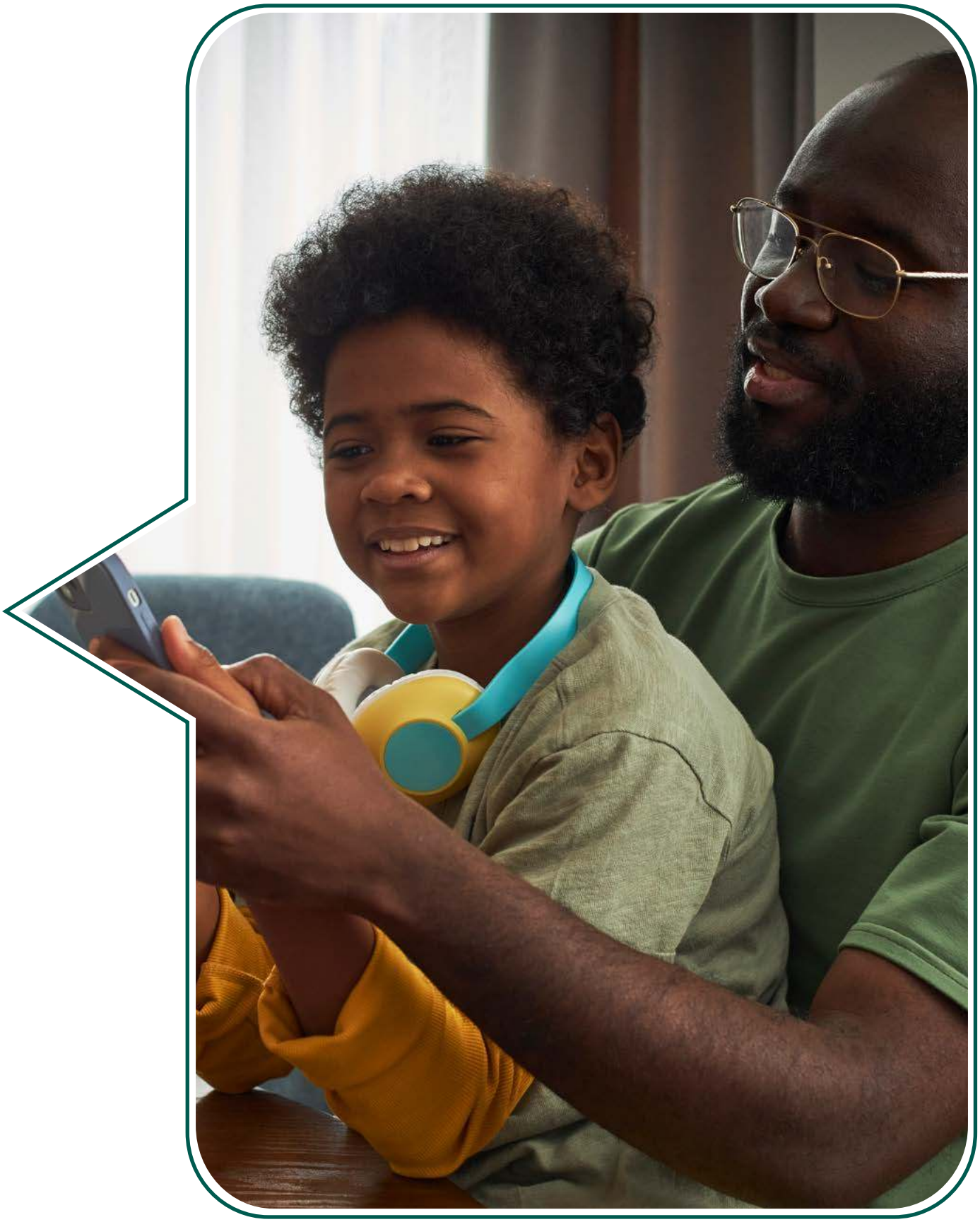


Board members – Gender split



Board members – Nationality





How We Safeguard Value (continued)

Who governs us (continued)

Our Board

Adil Arshed Khawaja (MGH) (53)

Chairman
Nationality: Kenyan
Appointed:
December 2022 (Director)
January 2023 (Chairman)

Peter Ndegwa (CBS) (55)

Chief Executive Officer
and Executive Director
Nationality: Kenyan
Appointed: April 2020

Dilip Pal (58)

Chief Finance Officer and Alternate Director
to Peter Ndegwa
Nationality: Indian
Appointed: November 2020

Ory Okolloh (47)

Independent Director
Nationality: Kenyan
Appointed: February 2023

Mohamed Shameel Aziz Joosub (53)

Non-Executive Director
Nationality: South African
Appointed: August 2017

Rose Ogega (64)

Independent Non-Executive Director
Nationality: Kenyan
Appointed: February 2019

Francesco Bianco (52)

Non-Executive Director
Nationality: Italian
Appointed: March 2020

Raisibe Morathi (54)

Non-Executive Director
Nationality: South African
Appointed: November 2020

Winnie Ouko (54)

Independent Non-Executive Director
Nationality: Kenyan
Appointed: February 2021

Dr. Karen Kandie (56)

Alternate Director to CS,
National Treasury and Planning
Nationality: Kenyan
Appointed: February 2023

Murielle Lorilloux (51)

Non-Executive Director
Nationality: French
Appointed: August 2023

Dr. (Eng) John Kipngetich Mosonik (66)

Non-Executive Director
Nationality: Kenyan
Appointed: August 2023

Linda Mesa Wambani (43)

Ag. Company secretary
Nationality: Kenyan
Appointed: October 2023

Our committees and their membership

- Audit Committee
- Risk and ESG Committee
- Nominations Committee
- Human Resources Committee
- Innovations and Investment Committee

How We Safeguard Value (continued)

Who governs us (continued)

Our Board (continued)

Adil Arshed Khawaja (MGH)

Chairman
Adil is a highly distinguished Advocate of the High Court of Kenya with over 31 years work experience in the legal profession ranging from dispute resolution to commercial and real estate. He is recognised as a leading name in the Kenyan legal profession and has been globally recognised in various practice groups as one of the most sought-after lawyers in Kenya.

In recognition of his positive contribution to the sustainability of the environment of the country, Adil was recently awarded the Moran of the Order of the Burning Spear (MBS) by the President of the Republic of Kenya.

Adil currently serves as the Managing Partner at Dentons Hamilton Harrison & Mathews, the oldest law firm in Kenya, established in 1902 with a reputation as an innovative, experienced, responsive, and highly skilled firm.
Adil holds Board positions in various companies across various markets. He currently serves on various Boards which include Rhino Ark Charitable Trust, Al Futtaim Automative-CMC Motors Group Limited and Atua Enkop Africa Limited.

He previously served as a Director of KCB Bank Group from 2012 and was elected the first chairman of KCB Bank Kenya Limited from 2016 until 2020 when his tenure ended. He has also served as a Director in the Board of Kenya Power & Lighting Company. Outside his professional capacity, Adil is active in the wildlife and environmental conservation space. He has been a member of the Nairobi Arboretum Conservancy Community Forest Association, a trustee of Care for the Wild and an advisor for Friends of Conservation. He is a former trustee of the Kenya Wildlife Service and a Board member of the National Environment Council.

His love for the law and environmental conservation, led him to be appointed by the Government of Kenya as a member of the Taskforce to inquire into Forest Resource Management and Logging activities in Kenya. An avid enthusiast of four-wheel driving he has combined his love for the thrill with conservation and has been a participant in the Rhino Charge for nearly 20 years and amongst the top fund raisers for the Rhino Ark, where he has been a trustee since 2018.

Peter Ndegwa (CBS)

Chief Executive Officer
Peter joined Safaricom on 1 April 2020. He is an experienced Board-level leader with a wealth of experience in General Management, Commercial and Business Strategy, Sales and Finance Operations, having spent over 26 years in various roles within the Financial Services and Fast-Moving Consumer Goods (FMCG) sectors in Africa and Europe.

He holds an MBA from the London Business School and a BCom from the University of Nairobi. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

In his most recent role, Peter was responsible for Diageo PLC operations in 50 countries in Western and Eastern Europe, Russia, the Middle East, and North Africa regions. Previously, he served as Chief Executive Officer in Guinness Nigeria PLC and Guinness Ghana Breweries PLC, transforming the two operations to deliver double-digit growth by investing in people, introducing new brands, and re-organising the businesses.

As a Chief Executive in several markets within the Diageo Group, Peter demonstrated the ability to transform businesses and organisations to deliver superior results. With his principle of customer first, he has a real passion for delivering value to customers, investing in talent and getting things done.

Peter served for eight years across a range of senior Executive Director roles at East Africa Breweries Limited (a Diageo subsidiary) based in Nairobi. Serving as the Group Chief Finance Officer (CFO), Group Strategy Director, Sales Director, and as an Executive Director on the EABL Board, he was part of the team that saw the EABL business more than double in value – and winning the coveted Most Respected Business Award in East Africa for five years in a row.

Peter is credited with the development of an affordable-beer strategy for EABL resulting in the production of new brands such as Senator beer which became one of the of the most successful innovations by Diageo. He started his career at PwC, the global consulting firm, where he worked for 11 years. Peter draws his inspiration, in particular from his early upbringing laying the foundations for his strong value set, from his teachers and the legendary Dr. Geoffrey Griffin – the late founder of Starehe Boys Centre – his alma mater, and his parents.

Dilip Pal

Alternate Director to Chief Executive Officer
Dilip, who joined Safaricom as the Chief Finance Officer in November 2020, has more than 31 years of experience in Finance, spanning various industries including Telecoms, Financial Services and Fast-Moving Consumer Goods (FMCG) and Engineering in international and multi-cultural environments. Dilip has a proven track record of building competent teams, improving performance, business turnaround, simplification and digitisation.

His division is responsible for the overall financial planning, management, and oversight of the organisation. Previously, from 2017, he was Chief Finance Officer with DTAC Thailand, a part of the Telenor Group. Prior to DTAC he was the Chief Finance Officer of Grameenphone Bangladesh, a role that he held for three years. Before Grameenphone, Dilip held various finance roles in Vodafone India in Mumbai, rising to the role of EVP Finance. He has also held senior finance roles in other organisations, namely Hutchinson Essar, Hindustan Coca Cola Beverages and Tata Tinplate.

Dilip has held Board positions in various institutions including Carousell, Singapore (leading online classified company of South Asia), Tele Assets, Thailand (a DTAC subsidiary), Accenture Bangladesh (joint venture of Accenture and Telenor) Indus Tower (JV with Bharti Airtel and Idea) and Vodafone Essar Spacetel Ltd (Vodafone India subsidiary).

Dilip has a Master's in Commerce from Calcutta University and a BCom from Goennka College of Commerce. He is a Chartered accountant from Institute of Chartered Accountants of India and a Cost Accountant from Institute of Cost and Works Accountants of India.

Ory Okolloh

Independent Non-Executive Director
Ms Okolloh is currently a Partner at Verod-Kepple Africa Ventures (VKAV), where she leads and implements all investment-related activities, drives expansion, and supports partner companies with strategic and operational issues.

A seasoned corporate operator at Board level, Ms Okolloh currently serves as a member of several Boards including those of Thomson Reuters Founders Share Trust, East African Breweries PLC, Stanbic Foundation and Adecco Group Foundation. She is also a Trustee at the Van Leer Foundation.
She holds a Bachelor of Arts in Political Science from the University of Pittsburgh, and a Juris Doctor (JD) degree from the Harvard Law School.

Mohamed Shameel Aziz Joosub

Non-Executive Director
Shameel is the Chief Executive Officer of Vodacom Group since September 2012. He is a former CEO of Vodafone Spain. He was the Managing Director of Vodacom South Africa from March 2005 to March 2011 prior to taking up the position as Chief Executive Officer of Vodafone Spain. Prior to that, he was the Managing Director of Vodacom Service Provider Company from September 2000 to February 2005, and Managing Director of Vodacom Equipment Company from 1998.

Shameel served on the Vodacom Group Board from 2000 until March 2011, when he was seconded to Spain. He was re-appointed to the Vodacom Group Board in September 2012 after his return from Spain.

How We Safeguard Value (continued)

Who governs us (continued)

Our Board (continued)

Rose Ogega

Independent Non-Executive Director
Ms Ogega has extensive experience spanning over 26 years advising and managing both large, complex organisations and emerging startup ventures.

In recognition of her contribution to the economic development of the country, she was awarded the Moran of the Burning Spear (MBS) in 2005.

Ms Ogega, is the Managing Director of Bloom Consultancy Limited. She is currently a member of the Aspen Global Leadership Network, the Institute of Directors of Kenya, the African Leadership Initiative and the Institute of Certified Public Accountants of Kenya. She is a Certified Hogan Lead Assessor, an Executive Coach and a Member of the Academy of Executive Coaches.

Francesco Bianco

Non-Executive Director
Francesco Bianco is the Global Talent, Capabilities and Organisational Development Director at Vodafone and an alternate Non-Executive Director in the Vodacom Group Board. Francesco has had a vast career in HR, spanning over 16 years. He originally joined Vodafone Italy in 2000 and has extended his career portfolio internationally in other Human Resources Director roles.

Francesco holds a Bachelors' Degree in Law from Padova University and a Business Strategy Executive Program with Maastricht University. Francesco was appointed to the Vodacom Group Board as an alternate director to Mr Michael Joseph in January 2019 and also appointed as an alternate director to Ms Leanne Wood in July 2019.

Raisibe Morathi

Non-Executive Director
Ms Raisibe serves as Chief Financial Officer of Vodacom Group with effect from 1 November 2020. She joined Vodacom from Nedbank Group Limited where she was the Group Chief Financial Officer since September 2009. She has spent over 27 years in the financial services industry in South Africa and has acquired experience in banking and insurance. Raisibe has previously served as an executive director of Sanlam Limited and prior to that an executive of the Industrial Development Corporation.

Her experience spans Investment Banking, Private Equity, Corporate Lending and Insurance. In her career she also served on various boards of listed and non-listed companies in her executive capacity or a shareholder representative. She has extensive experience in audit committees where her experience includes serving as a member of the committee or chairperson.

Dr. Karen Kandie

Alternate Director to CS, National Treasury and Planning
Dr. Kandie is a finance specialist with over 21 years of strategic leadership and management experience in senior leadership positions in the financial services industry. She is currently the Director, Parastatal Reforms (Financial) at the National Treasury and Planning, where she leads Parastatal Reforms that are geared towards reducing fiscal pressures by making public spending more efficient and transparent.

Dr. Kandie holds a Bachelor of Commerce from the University of Nairobi, and a Master of Business Administration from Murdoch University in Western Australia.

Winnie Ouko

Independent Non-Executive Director
Ms Winnie Ouko was appointed Non-Executive Director on 10 February 2021. She has over 26 years of professional finance, strategy and Board level experience, serving corporates and non-profits in Africa, Europe and the US.

She is the founder and Chief Executive Officer of Lattice Consulting (member of Larive International, nl), a Kenya-based boutique advisory firm committed to propelling its clients to growth via strategy and finance advisory and corporate training.

Winnie's career includes a stint as an Associate Director at Standard and Poor's in New York, and PricewaterhouseCoopers in Nairobi. She sits on the Board of the Kenya Pooled Water Fund, has served on the Board of Absa (Kenya), chairing the Audit, Risk and Compliance Committee; and has been a Trustee for the Worldwide Fund for Nature, Switzerland (which oversees 70+ programmes and country offices around the world), chairing the Audit and Risk Committee.

Winnie is a fellow of the Aspen Global Leadership Network, and is a leadership adviser with Adaptive Change Advisors, (NY). Winnie has an MBA from Cornell University (NY), a BComm from the University of Nairobi, and is a CPA (K).

Murielle Lorilloux

Non-Executive Director
Murielle was appointed a Non-Executive Director in the Board with effect from 23 August 2023. She is currently the Chief Strategy and Commercial Officer of Vodacom Group and a member of the Executive Committee. Prior to this, she worked for Vodafone Group in the United Kingdom as an Executive Business Director for Europe Cluster markets and Vodafone Business International from July 2021 to 31 March 2023.

She has previously also held the positions of Chief Executive Officer and President of the the Board of Vodafone Romania (2017–2021) and Managing Director of Vodacom DRC (2014–2017).

Prior to this, Murielle held various senior management roles with Orascom Telecom Algeria, Wana Corporate and Capgemini.

Murielle has over 25 years' experience in General management, commercial (B2C and B2B), strategy and consulting experience in telecommunications across African and European markets.

She holds a Master's Degree in Economics (Management and Marketing) from the Paris Nanterre University and a Masters' Degree in Business Management and Strategy from the ESCP Business School. She also participated in the MBA exchange programme with the University of Texas at Austin.

Dr. (Eng) John Kipngetich Mosonik

Non-Executive Director
Dr. (Eng) John Kipngetich Mosonik, CBS, EBS was appointed a Non-Executive Director on 23 August 2023.
Dr. (Eng) Mosonik is an astute technocrat with executive experience in both public and private sector administration spanning 35 years. He has a rich career profile stretching across industries from engineering practice in the telecom sector, to serving as a Principal Secretary in the State Department for Infrastructure and the Chief Administrative Secretary in the Ministry of Petroleum and Mining.

He holds a Doctoral Degree in Business Administration (DBA) – Strategic Leadership from Northcentral University (USA) and a PhD in Business Administration (Strategic Management) from Moi University, Kenya. He also holds Postgraduate Degrees in Digital Transformation, Strategic Focus, Finance and Business Administration from renowned international universities, and a Bachelor's Degree in Electrical Engineering/ Telecommunication from the University of Nairobi. He is a Fellow of the Institution of Engineers of Kenya (FIEK) and a registered member of the Engineers Board of Kenya (EBK).

Linda Mesa Wambani

Acting Company Secretary
Linda is a qualified advocate with over 20 years' experience, and is currently a Senior Legal Counsel at Safaricom PLC, where she provides legal and corporate governance support to Safaricom PLC, the M-PESA Foundation and Safaricom's investment vehicles into Ethiopia. Prior to joining Safaricom PLC, Linda worked at Dentons Hamilton Harrison & Mathews as a commercial and litigation lawyer.

Linda is a Certified Public Secretary and holds a Bachelor of Laws Degree from the University of Nairobi, a Master of Business Administration in Strategic Management from the United States International University (USIU) and a Master of Laws Degree in Commercial Law from the University of Nairobi. She is a Notary Public and Commissioner for Oaths. Linda is also a member of the Institute of Certified Public Secretaries of Kenya, the Women on Boards Network and the Law Society of Kenya.

How We Safeguard Value (continued)

Who governs us (continued)

Who leads us – Kenya

Peter Ndegwa

Chief Executive Officer and Executive Director

Dilip Pal

Chief Finance Officer

Fawzia Ali-Kimanthi

Chief Consumer Business Officer

Florence Nyokabi

Chief Human Resources Officer

Nicholas Mulila

Chief Corporate Security Officer

Fred W. Waithaka

Acting Chief Corporate Affairs Officer

Learn more about our leaders by reading their biographies at: *https://www.safaricom.co.ke/about/who-we-are/leadership*

George Njuguna (MBS)

Acting Chief Technology Information Officer

Cynthia Karuri-Kropac

Chief Enterprise Business Officer

Nicholas Kamunyu

Chief Channels Officer

Michael Mutiga

Chief Business Development & Strategy Officer

Esther Masese Waititu

Chief Financial Services Officer

How We Safeguard Value (continued)

Who governs us (continued)

Safaricom Ethiopia – Who leads us

Wim Vanhelleputte

Chief Executive Officer

Stanley Njoroge

Chief Finance Officer

Masahiro Miyashita

Chief Strategy Officer

James Maitai

Chief Technology & Information Officer

Arjun Dhillon

Chief Enterprise Business Officer

Amit Chandiramani

Chief Sales and Distribution Officer

Learn more about our leaders by reading their biographies at: *https://safaricom.et/index.php/about-us/our-leadership*

Charles Wanjohi

Chief Consumer Business Officer

Julie Arndt

Chief Risk and Compliance Officer

Paul Kavavu

Chief Financial Services Officer

Mokaya Mokaya

Chief Human Resource Officer

Getachew Mengeste

Chief Legal, Regulatory and Corporate Officer

Sisay Zerihun

Acting Chief External Affairs and Regulatory Officer

How We Safeguard Value (continued)

Corporate Governance Report

Our Corporate Governance Statement

Safaricom PLC, through its Board of Directors is committed to implementing and adhering to good corporate governance and best practice. The Board considers that good governance, achieved through an ethical culture, competitive performance, effective control, and legitimacy, can create sustainable value, and enhance long-term equity performance.

The Board applies good governance practices to promote strategic decision making for the organisation to balance short-, medium- and long-term outcomes to reconcile interests of its stakeholders and the society to create sustainable shared value. To that end, sound governance practices, based on accountability, transparency, ethical management, and fairness, are entrenched across the business.

Statement of Responsibilities

The Companies Act, 2015 requires Directors to act in good faith, to promote the success of the Company for the benefit of its stakeholders and to avoid conflict between their personal interests and those of the Company, always acting in the best interest of the Company. Directors must have due regard to the long-term consequences of their decisions, the legitimate interests of employees, the need to foster effective business relationships with suppliers, customers and various stakeholders, the impact of the Company's operations on the community and the environment, and the desire to maintain a reputation for high standards of business conduct.

The Board of Directors of Safaricom is responsible for the governance of the Company. To this end, the Board is committed to ensuring that the Company complies with the laws, regulations, and standards applicable to it. The Directors are responsible for putting in place governance structures and systems that support the practice of good governance. The Board ensures that high standards and practices in corporate governance and more specifically the principles, practices and recommendations set out under the *Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015* ("the CMA Code"), as well as the Companies Act, 2015 ("the Act") are adhered to. Safaricom continues to endeavour to comply with the provisions of the CMA Code.

Over and above the annual self-assessment that the Company is expected to complete on its level of compliance of the Code, the Corporate Governance Statement as provided in this Annual Report will highlight to the Company's shareholders and various stakeholders, the performance to date. Safaricom remains committed to the highest standards of corporate governance and business ethics. Good corporate governance practices are essential to the delivery of long term and sustainable stakeholder and shareholder value.

The Company also adheres to other regulations promulgated by the CMA and the Nairobi Securities Exchange, and the ethical standards prescribed in the Company Code of Conduct. In addition, as a law-abiding corporate citizen, Safaricom abides by the tenets of the Constitution of Kenya and all other laws.

We continuously assess our governance operating model to ensure that robust internal governing bodies and proper systems/processes are in place to support the Board and Management to drive change, set strategic direction and formulate high-level goals and policies.

The Directors are committed to fulfilling their fiduciary responsibilities and have instituted various principles necessary to ensure that good governance is practiced with respect to dealings with the Company's shareholders, customers, and other relevant stakeholders in line with the spirit of the Code of Corporate Governance for listed Companies.

Leadership and responsibilities

The Board is committed to ensuring that a strong governance framework operates throughout the Company, recognising that good corporate governance is a vital component to support management in their delivery of the Company's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders. The Board recognises that the process of identifying, developing, and maintaining high standards of corporate governance suitable for the Company is ongoing and dynamic to reflect changes in the Company and its business, the composition of the Board and developments in corporate governance.

The Board is collectively accountable and responsible for the Company's vision, strategic direction, its values, and governance. The responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Chief Executive Officer (CEO) and his Senior Leadership Team.

Throughout the year ended 31 March 2024 and to the date of this document, the Company endeavoured to comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the "Code"). The Board considers that this Annual Report and notably this section, provides the information that shareholders need to evaluate how the Company has applied the principles in the Code. In addition to complying with the Code, the Company has embedded internal rules of engagement to support corporate governance.

The role of the Board

The Board serves as the focal point and custodian of corporate governance in the Company. The Board is collectively responsible for the Company's vision, strategic direction, its values and governance, and is accountable to the Company's shareholders for the performance of the business. The Board is expected to provide effective leadership to the Company towards the following matters:

- sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the Company;
- having the right team in place to execute the strategy through effective succession planning;
- setting up appropriate governance structures for the management of the business operations;
- monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business; and
- ensuring ethical behaviour and compliance with the laws and regulations.

The key responsibilities of the Board include:

- Providing effective leadership in collaboration with the Executive management team;
- Approve the Company's mission, vision, its business strategy, goals, risk policy plans and objectives;
- Approving the Company's business strategy and ensure the necessary financial and human resources are in place to meet agreed objectives;
- Approve the Company's budgets as proposed by the Executive management team;

- Establishing and agreeing an appropriate governance framework;
- Review the sufficiency, effectiveness and integrity of the risk management and internal control systems;
- Approving the Company's performance objectives and monitoring their achievement;
- Review and agree Board succession plans and approve Non-Executive Director appointments;
- Reviewing periodic financial and governance reports;
- Approving the Annual Report, Company results and public announcements;
- Declaring an interim/recommending a final dividend;
- Approving Company Policies and monitoring compliance with the Standards of Business Conduct; and
- Ensuring that the relevant audits e.g., financial, governance or legal and compliance are conducted.

As at the financial year end of 31 March 2024, the Board operated through five principal Board Committees, to which it had delegated certain responsibilities; these committees are: the Board Audit Committee, The Board Risk, Environment and Social Governance Committee, the Board Human Resources Committee and the Board Nominations Committee. The Board also had one standing committee, The Board Innovation and Investments Committee. The roles, membership and activities of these Committees are described in more detail later in this report. Each Committee has its own terms of reference which are reviewed periodically and updated as appropriate.

The Board devotes considerable attention to corporate governance matters relating to the Company's internal controls and compliance activities. It receives updates from the respective chairpersons of each committee at each Board meeting.

Separation of powers and duties of the Chairman and the Chief Executive Officer (CEO)

The Chairperson and the Chief Executive Officer have distinct and clearly defined duties and responsibilities. The separation of the functions of the Chairman (a Non-Executive Director) and the Chief Executive Officer (Executive Director) supports and ensures the independence of the Board and Management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles.

The Chairman

- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information to monitor, challenge, guide and take sound decisions;
- Promotes a culture of open debate between the Non-Executive Directors and Executive Directors and holds meetings with the Non-Executive Directors, without the Executive Directors present;
- Regularly meets with the Chief Executive Officer and other Senior Management to stay informed;
- Ensures effective communication with shareholders and other stakeholders;
- Promotes high standards of corporate governance;
- Promotes and safeguards the interests and reputation of the Company; and
- Represents the Company to government, shareholders, regulators, financial institutions, the media, the community, and the public.

The Chief Executive Officer

- Is responsible for the day-to-day management of the business of the Company and to oversee the implementation of strategy and policies approved by the Board and serving as the official spokesperson for the Company;
- Provides coherent leadership of the Company, including representing the Company to customers, suppliers, governments, shareholders, financial institutions, employees, the media, the community and the public and enhances the Company's reputation;
- Leads the Executive Directors and senior management team in running the Company's business, including chairing the Executive Committee;
- Develops and implements the Company's objectives in line with the strategy having regard to shareholders and other stakeholders;
- Manages the Company's risk profile and ensures appropriate internal controls are in place;
- Ensures compliance with legal, regulatory, corporate governance, social, ethical, and environmental requirements, and best practice; and
- Ensures that there are effective processes for engaging with, communicating with, and listening to, employees and others working for the Company.

The senior leadership team

The leadership team led by the Chief Executive Officer is responsible for the day-to-day management of the Company and its operating subsidiaries. In so doing, it oversees the implementation of the strategy and policies set by the Board.

For profiles of the Senior Leadership Team, see page 138.

The key responsibilities of the senior leadership team include, inter alia:

- Developing the Company's business strategy for review and approval by the Board;
- Managing business functions and ensuring that functional strategies are effective and aligned with the Company's priorities and objectives;
- Monitoring the Company's operating performance;
- Reviewing functional budgets and activities and ensuring that they are adequate to achieve their targets;
- Developing guidelines for the Company's functional business units;
- Overseeing the management and development of talent within the Company;
- Ensuring that collective effort and resources are balanced, effective and properly focused; and
- Making recommendations on matters reserved for Board approval.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

The Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries (ICS). The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance, and compliance with the regulators.

The role of the Company Secretary is to:

- Provide a central source of guidance and advice to the Board, and the Company, on matters of statutory and regulatory compliance and good governance;
- Provide the Board and the Directors individually with guidance on how their responsibilities should be discharged in the best interests of the Company;
- Facilitate the induction training of new directors and assisting with the directors' professional development as required. This includes identifying and facilitating continuous Board education;
- In consultation with the Chief Executive Officer and the Chairman, ensure effective flow of information within the Board and its committees and between senior management and Non-Executive Directors. This includes timely compilation and distribution of Board papers and minutes, as well as communication of resolutions from Board meetings;
- Guide the Company in taking the initiative to not only disclose corporate governance matters as required by law, but also information of material importance to decision-making by shareholders, customers, and other stakeholders;
- Coordinate the governance audit process;
- Assist the Board with the evaluation exercise; and
- Keep formal records of Board discussions and following up on the timely execution of agreed actions.

Board size

The Board determines its size and composition, subject to the Company's Articles of Association, Board Charter, relevant policies, applicable law, and best practices. The Company's Articles of Association provides for a maximum of 11 Directors. As at 31 March 2024, the Board comprised 10 Directors, nine being Non-Executive Directors, while one is an Executive Director (the Chief Executive Officer). Of the nine Non-Executive Directors, three are independent as defined in the Code. The Board is of the view that its current size is sufficient and enables it to deliver on its mandate.

Board appointment

In line with the Company's Articles of Association, and their current shareholding, three of the Non-Executive Directors are appointed by Government of Kenya and four of the Non-Executive Directors are appointed by Vodafone Kenya Limited. The Non-Executive Directors, other than those appointed by Government of Kenya and Vodafone Kenya Limited, are subject to retirement by rotation and seek re-election (if they choose to) by shareholders in accordance with the Articles of Association.

As part of its mandate, the Nominations Committee is responsible for the selection and appointment of Board Directors. Prior to any appointment, the Board Nomination Committee develops suitable selection criteria for potential candidates, screens and interviews them before they are formally appointed. The Committee is permitted by its terms of reference to engage the services of a qualified external consultant to identify prospective candidates for the role of independent Director.

In between AGMs, in the event of any vacancy, the Board may appoint a Director to serve until the next AGM. Any such appointment of independent Director is brought to the attention of the shareholders through the notice of the AGM, and the Director, if they opt to seek re-election, is subjected to an election process by the shareholders, at the next AGM following their appointment.

The Articles of Association also provide that at every AGM, and as may be applicable, at least one-third of the independent Directors must retire from the Board and where eligible, stand for re-election.

Non-Executive Directors

As at 31 March 2024 and as at the date of this Annual Report, the Board had nine Non-Executive Directors. The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business.

The Non-Executive Directors help develop strategy and are responsible for ensuring that the business strategies proposed are fully discussed and critically reviewed. This enables the Directors to promote the success of the Company for the benefit of its shareholders, with consideration of, among other matters, the interests of employees, the fostering of business relationships with customers, suppliers, and other stakeholders. The Non-Executive Directors oversee the operational performance of the business, scrutinise performance of Management and the Company, bring an external perspective to the Board, monitor reporting of performance and should be available to meet with major stakeholders as appropriate. To perform these tasks, they have access to relevant information, with updates provided on regulatory and other matters affecting the Company.

Independent Directors and independence

As at 31 March 2024 and as at the date of this Annual Report, three of the Non-Executive Directors were Independent as defined in the Code and accordingly most of the Board was constituted of Independent Directors. The Company has committed to commence the process of appointment of a 4th independent director so that a third of the Board comprises of independent directors.

The composition of the Board

The Directors who served during the year to 31 March 2024 and the Board changes that took place in the year under review, are set out to the right.

Name	Nationality	Date of appointment as a Director	Date of ceasing to be a Director
Adil Khawaja	Kenyan	22 December 2022	–
Peter Ndegwa	Kenyan	1 April 2020	–
Mohamed Shameel Joosub	South African	31 August 2017	–
Rose Ogega	Kenyan	12 February 2019	–
Francesco Bianco	Italian	20 March 2020	–
Raisibe Morathi	South African	1 November 2020	–
Winnie Ouko	Kenyan	10 February 2021	–
Dr. Karen Kandie (alternate to the Cabinet Secretary National Treasury & Planning)	Kenyan	24 February 2023	–
Ory Okolloh	Kenyan	24 February 2023	–
Dr. (Eng) John Mosonik	Kenyan	23 August 2023	–
Murielle Lorilloux	French	23 August 2023	–

Board operations

The Safaricom Board meets at least four times a year and the meetings are structured in a way that allows for open discussions.

The Board is solely responsible for its agenda. It is, however, the responsibility of the Chairman and the Company Secretary, working closely with the Chief Executive Officer, to come up with the annual Board work plan and the agenda for the Board meetings. The Work Plan is designed to enable the Board to drive the Company's strategy forward. The Board work plan for the year 2024 was approved by the Board at its meeting held on 6 November 2023.

The notice, agenda and comprehensive Board papers are prepared and circulated to all Directors with due notice in line with the Board Charter, prior to the meeting. This allows time for the Directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings.

The submissions and notification period may be waived should any urgent and critical matters arise.

Directors are entitled to request for additional information where they consider further information is necessary to support informed decision-making.

Where Directors are unable to attend a meeting, they are advised on the matters to be discussed and given the opportunity to make their views known to the Chairman or the Chief Executive Officer prior to the meeting.

The members of the Senior Leadership Team may be invited to attend the Board and/or Committee meetings if deemed necessary and as appropriate, to make presentations on their areas of responsibility. This serves as an opportunity to give the Directors greater insights into their business areas.

Board meetings and Annual General Meeting attendance from 1 April 2023 to 31 March 2024

	Adil Khawaja	Michael Joseph	Peter Ndegwa	Shameel Joosub	Rose Ogega	Francesco Bianco	Raisibe Morathi	Winnie Ouko	Dr. Karen Kandie	Ory Okolloh	Dr. (Eng) John Mosonik	Murielle Lorilloux
3 April 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
4 April 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
2 May 2023 (Special)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
8 May 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
27 July 2023	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
28 July 2023 (AGM)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–	–
23 August 2023 (Special)	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	–	–
6 November 2023	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	By invitation
7 November 2023	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	By invitation
21 February 2024	✓	–	✓	✓	✓	✓	✓	✓	✓	✓	✓	By invitation

- *Dr. Karen Kandie was appointed as the alternate to the Cabinet Secretary, National Treasury & Planning, in place of Eng. Stanley Kamau, with effect from 24 February 2023.*
- *Ory Okolloh was appointed as a Director with effect from 24 February 2023.*
- *Michael Joseph ceased to be a Director with effect from 1 August 2023.*
- *Dr. (Eng.) John Mosonik was appointed as a Director with effect from 23 August 2023.*
- *Murielle Lorilloux was appointed as a Director with effect from 23 August 2023.*

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

Board meetings and Annual General Meeting attendance from 1 April 2023 to 31 March 2024 (continued)

During the year under review, in the key areas of focus for its activities and topics discussed, the Board:

- Approved the audited financial statements for the year ended 31 March 2024 as well as the guidance, press release and commentary.
- Discussed and resolved to make a recommendation to the shareholders on the approval of the final dividend for the year ended 31 March 2024.
- The Board further considered and approved the unaudited half year financial statements for the period to 30 September 2023.
- Approved the interim dividend for the year ended 31 March 2024 and made a recommendation to the shareholders on the approval of the final dividend for the year under review.
- Approved the audit fees for the external auditor.
- Reviewed and agreed the Company's strategy and ensured that the necessary financial and human resources were in place to meet agreed objectives.
- Reviewed and approved the strategic initiatives and financial plans for the year under review and specifically discussed the funding for Ethiopia and Mobile Financial Services License Fee for Ethiopia.
- Approved the FY24 budget, long range plan and monitored performance against the approved budget of the Company.
- Monitored the political and regulatory trends and developments and their implications for the business.
- Discussed and improved the Board's understanding of key risks facing the business in Ethiopia including from a political and economic perspective.
- Discussed the risks and mitigations thereof that the business was exposed to including cyber threats, changing regulations.
- Reviewed and monitored the significant litigation cases and their liability.
- Received a report on the Board evaluation.
- Received regular reports of the deliberations of the Audit Committee, the Human Resources Committee, the Risk, Environmental, Social and Governance Committee, the Innovations and Investment Committee and the Nominations Committee.

Board Effectiveness

The effectiveness of the Board in its oversight and leadership role is enhanced by a robust support system. This is facilitated through:

Board Diversity

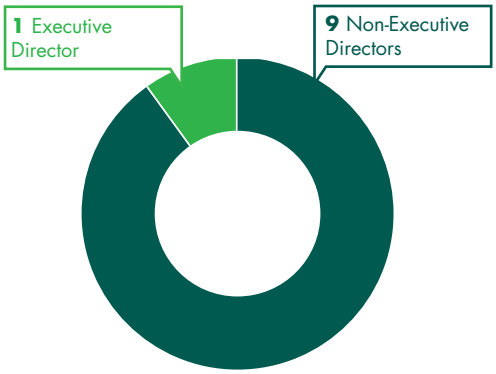
The Board recognises and embraces the benefits of diversity and views increasing diversity as an essential element in maintaining a competitive advantage. The Board also recognises the role of diversity in bringing different perspectives into Board debates and offers better anticipation of the risks that are inherent in the business and the opportunities that the business pursues.

Safaricom seeks to have a Board that has the right mix of individuals with relevant attributes, skills, knowledge, and experience and who jointly have the overall collective competence to deal with current and emerging issues and effectively guide Management in ensuring the highest performance for the Company. The Non-Executive Directors are expected to have a clear understanding of the strategy of the Company as well as knowledge of the industry in which the Company operates.
The aggregate mix of skills and experience of the Directors seeks to challenge Management, ensure robust and constructive debate, augments and challenges the strategic thinking of the executives thereby adding value to the Company.

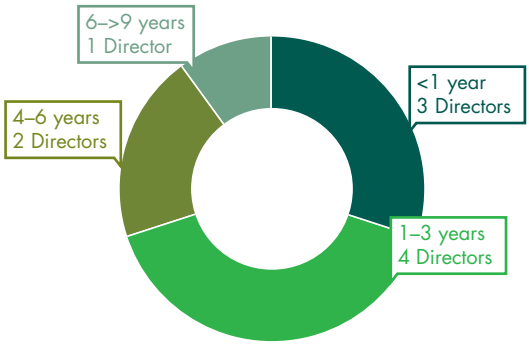
The Non-Executive Directors come from broad industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The areas of expertise of the current Board of Directors include legal and governance, business management, telecommunications, finance, electrical engineering, IT, mobile money, corporate communications, economics, marketing, project management, risk management and human resources.

For brief biographies of the Directors, including details of their nationalities, relevant skills, and experience, see pages 130 – 136.

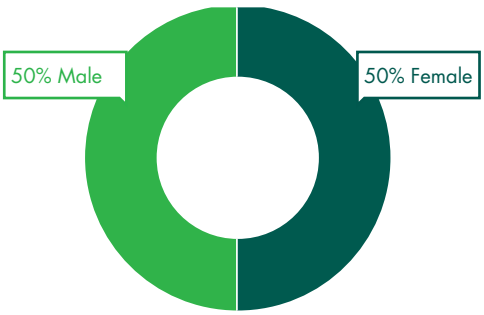
Balance of Non-Executive Directors and Executive Directors:



Length of tenure:



Gender split of Directors:



Management of conflicts of interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to any Director's attention, whether direct or indirect. The statutory duty to avoid situations in which the Directors have or may have interests that conflict with those of the Company has been observed by the Board in the financial year under review.

All business transactions with all parties, Directors or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a Director that a matter concerning the Company may result in a conflict of interest, obligates the Director to declare the same and exclude himself/herself from any discussion or decision over the matter in question.

The Board has formal procedures for managing conflicts of interest in accordance with the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public. Directors are required to give advance notice of any conflict issues to the Chairman or Company Secretary, and these are considered at the next Board or Committee meeting.

Declaration of conflicts of interest is also a standard agenda item which is addressed at the onset of each Board and Committee meeting. Directors who are conflicted, are excluded from the quorum and vote, in respect of any matters in which they have an interest. Various conflicts of interest on related party transactions were reported by the affected Directors in the year under review.

Director induction

On joining the Board, all new Directors receive a detailed induction. The induction programme is initiated by the Chairman of the Board and progressed by the Chief Executive Officer, members of the Senior Leadership Team and the Company Secretary.

The induction programme includes a series of meetings with other Directors, the Chief Executive Officer, and senior executives to enable new Directors to familiarise themselves with the business. This provides an overview of the Company, the Company's operating environment and new developments thereof, accounting, and financial reporting developments, as well as any regulatory changes. As part of the induction training, detailed presentations by Management, are factored in, so that the Directors gain a good sense of the Company's operations and central functions. Two new Directors were appointed in the year under review and inducted.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Our Corporate Governance Statement (continued)

Board Effectiveness (continued)

Training and development

All Directors are expected to maintain the skills required to carry out their obligations. Board members undergo regular training and education to enable them to fulfill their responsibilities. Directors receive functional presentations built into the annual Board Work Plan to gain a good sense of the Company's operations and central functions. The Board and its Committees receive briefings and participates in deep dive sessions on various matters such as risks and their mitigations, legal and regulatory developments that directly impact the operations of the Company. These are facilitated by experts in the fields relevant to the Company's operations as well as the Management team.

During the financial year under review, the Directors engaged in facilitator-led training from credible sources on areas of Governance. Topics discussed included: Data Protection and Privacy matters and Cyber security and Anti-money laundering and Counter Finance Terrorism. To better understand the business, in the year under review, the Board also held deep dive sessions on Continuity and Resiliency Plan M-PESA and the operational environment in Ethiopia. This was also an opportunity for the Board of Directors to engage out of the boardroom and build on the relationships. A two-day investor relations day of the subsidiary in Ethiopia was held in February 2024 where the Board engaged with investors.

In the year under review, each of the Directors who served for the full year was able to secure at least 12 hours of training on areas of governance and regulatory compliance from the Company as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

Access to independent advice

The Board recognises that there may be occasions when one or more Directors considers it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense.

To assist the Directors to discharge their duties and responsibilities and to enable them to take informed decisions, the Directors are entitled to obtain independent legal, accounting, or other professional advice at the Company's expense. The Board may conduct or direct any investigation to fulfil its responsibilities and can retain, at the Company's expense, any legal, accounting, or other services that it considers necessary from time to time to fulfil its duties.

This is provided for in the Board Charter, the Terms of Reference of each Committee, and the letter of appointment for each Director.

Governance audit

The CMA Code provides that issuers of securities to the public are required to undertake periodic governance audits. Following extensive stakeholder consultation to consider the frequency, cycle, cost and scope of governance audits, the Capital Markets Authority (CMA) advised all issuers of a revision in the cycle of governance audits to at least once every two years with the option of CMA increasing or decreasing this frequency on a risk-based approach.

The Company undertook a governance audit which was conducted by Dorion Associates LLP who issued an unqualified report. The Governance Audit Report was adopted by the Board of Directors on 28 October 2021. The audit confirmed that the Board has put in place a sound governance framework, which follows the legal and regulatory framework and in line with global best governance practices for the interest of stakeholders. The Board and various Committees continue to implement the recommendations from the Governance audit. The next governance audit will be taken for the financial year 2024/2025.

Legal and compliance audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, an internal Legal and Compliance Audit was carried out for the year ended 31 March 2023 with the objective of ascertaining the level of adherence to applicable laws, regulations, and standards to deliver long-term value to stakeholders. The findings from the audit confirmed that the Company was generally in compliance with the applicable laws and regulations.

Board evaluation

In line with the provisions of the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, the Board undertook an independent annual evaluation of the performance of the Board. This was aimed at enabling the Board, the Committees, and their respective members to gauge their performance and identify areas of improvement. The report is currently under review by the Board.

Corporate Governance Assessment Report

During 2023, the Capital Markets Authority assessed the status of implementation of the CMA Code by the Company for the year ended 31 March 2023. The assessment was based on a review of the following areas: commitment to good corporate governance (leadership rating of 76%); Board operations and control (leadership rating of 84%); rights of shareholders (leadership rating of 87%); stakeholder relations (leadership rating of 87%); ethics and social responsibility (leadership rating of 93%); accountability, risk management and internal control (leadership rating of 90%); transparency and disclosure (good rating of 86%). The overall rating awarded to the Company was a leadership rating of 86% – a testament to the Board's commitment to sound corporate governance practices.

The Company continues to implement the recommendations received from the CMA to improve its level of implementation of the recommendations under the CMA Code.

Directors' shareholding

Directors can purchase or sell shares of the Company in the open market. None of the Directors as at the end of financial year under review held shares in their individual capacity of more than 1% of the Company's total equity.

Directors' personal shareholding in the Company as at 31 March 2024

Name of Director	2024	2023
Peter Ndegwa	6,208,543	895,500
Rose Ogega	2,000	2,000
Karen Kandie	235,800	147,300
Winnie Ouko	101,831	101,831
Dilip Pal	1,342,105	–

Board Committees membership and meeting attendance

Board Committees

The Board has delegated authority to various Board committees to be able to undertake its mandate effectively and efficiently. During the year under review, the Board had five committees: Audit Committee, Risk Environmental and Social Governance Committee, Human Resources Committee, Investment and Innovations Committee and Nominations Committee. Each committee has formal and approved terms of reference that sets out the roles and responsibilities and the procedural rules that apply to the committee.

Each Committee periodically reviews its terms of reference to ensure that they are in line with current legislation and best practice. The committees are provided with all necessary resources to enable them to undertake their duties effectively.

Audit Committee

Membership

As at 31 March 2024, the Audit Committee consisted of three independent Directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director with at least one committee member holding a professional qualification in audit or accounting and in good standing with the relevant professional body.

Members

Rose Ogega – Chairperson
Winnie Ouko
Ory Okolloh
Raisibe Morathi
Dr. Karen Kandie

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees:
Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Finance Officer
Nicholas Mulila – Chief Corporate Security Officer
Denish Osodo – Director, Internal Audit
Ernst & Young – External Auditor

Functions of the Audit Committee

The Audit Committee meets at least four times a year to discuss audit matters to fulfil its oversight responsibility, the committee receives reports from Management, the internal auditor, and external auditors, as appropriate.

The responsibilities and role of the Audit Committee include:

- Monitoring the integrity of the financial statements, including the review of significant financial reporting judgements.
- Providing advice to the Board on whether the Annual Report is fair, balanced, and understandable and the appropriateness of the long-term viability statement.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the external audit.
- Reviewing the system of internal financial control and compliance.
- Monitoring the activities and review the effectiveness of the Internal Audit function.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Audit Committee (continued)

A summary of the attendance at meetings of the Members of the Audit Committee is shown below:

Attendance of Board Audit Meetings for 2023/2024

	Rose Ogega	Winnie Ouko	Ory Okolloh	Raisibe Morathi	Dr. Karen Kandie
20 April 2023 (Risk)	✓	✓	By invitation	✓	By invitation
5 May 2023 (Audit)	✓	✓	By invitation	✓	By invitation
12 July 2023	✓	✓	✓	✓	–
2 November 2023	✓	✓	✓	✓	–
8 February 2024	✓	✓	✓	✓	✓

- *Ory Okolloh became a member of the Committee with effect from 12 July 2023*
- *Dr. Karen Kandie became a member of the Committee with effect from 22 November 2023.*

Key Audit Committee activities

During the financial year, the Committee substantively covered the following matters, and:

- Reviewed the half-year results and full-year results, audited accounts, and related reports.
- Reviewed the interim and final dividend recommendations.
- Reviewed the External Auditors Management Letter.
- Reviewed the External Auditors' Interim Findings Report. Discussed and approved the External Audit Service Plan for the year ending 31 March 2024.
- Discussed and made recommendation to the Board on the approval of the external auditor's fees.
- Conducted a review of the external auditor's effectiveness and independence and made recommendation for the re-appointment of the External Auditor.
- Reviewed and approved the Internal Audit plan for the year ending 31 March 2024.
- Reviewed the Internal Audit Reports in every quarter and status against the approved internal audit plan.
- Undertook an assessment of the Internal Audit Function and received the feedback of the evaluation.
- Reviewed the provisions of the Internal Audit Charter and approved the same.
- Discussed the Related Party Transactions and made recommendations to the Board.
- Reviewed and approved the Committee's work plan for implementation.
- Reviewed the Terms of Reference of the Committee.
- In-camera sessions were held with the External and Internal Auditors.

Financial and business reporting

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position throughout the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future.

The Committee is assigned to review financial, audit and internal control issues in supporting the Board of Directors which is responsible for the Financial Statements and all information in the Annual Report.

External Auditor

Ernst & Young are the Company's external auditor. The Audit Committee considers that its relationship with the auditor worked well during the period and was satisfied with their effectiveness.

The external auditor is required to rotate the audit partner responsible for the Company's audit at least every five years. The current lead audit partner has been in position since 31 July 2020. During the year under review, as guided by the External Auditor Management Policy (EAMP), the Committee and Management had undertaken an appraisal of the external auditor's performance based on their quality-of-service delivery, auditor independence among other aspects.

Based on the evaluation results, the Committee was satisfied with the performance of the Company's external auditor and this position was endorsed by the Board.

Risk Environmental Social and Governance Committee

Membership

As at 31 March 2024, the Risk Environmental, Social and Governance Committee consisted of three Non-Executive Directors. The committee continued to report to the Board after every committee meeting.

Members

Dr. Karen Kandie – Chairperson
Rose Ogega
Ory Okolloh
Raisibe Morathi
Francesco Bianco

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees
Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Financial Officer
Nicholas Mulila – Chief Corporate Security Officer
Karen Basiye – Director, Sustainable Business and Social Impact

Functions of the Risk, Environmental Social and Governance Committee

The Risk Environmental Social and Governance Committee meets at least four times a year to discuss risk environmental social and governance matters. To fulfil its oversight responsibility, the committee receives reports from Management.

The responsibilities and role of the Risk Environmental Social and Governance Committee include:

- Reviewing and assessing the Company's risk management programs (Enterprise Risk, Cyber Security, Privacy, Physical Security, AML, Business Assurance, Ethics and Compliance) and the adequacy of the overall control environment including regularly reviewing the nature and extent of the Company's risk appetite as well as monitoring the significant risks that the Company is willing to take in achieving its strategic directives.
- Ensuring that the annual report includes appropriate reporting on risk management, including an explanation of how principal risks have been managed or mitigated.
- Evaluating the Company's procedures to safeguard assets, prevent fraud, detect fraud, and bribery incidents.
- Reviewing quarterly reports on the Company's Anti-Money Laundering programs, systems, and controls.
- Assessing the adequacy of Cybersecurity and Privacy programs and controls, including investments and budget allocations, to address emerging risks, threats, and vulnerabilities appropriately.
- Providing oversight, guidance, and strategic direction on Technology and IT governance to ensure that Technology/ IT risks are properly managed, and IT systems and processes support the organisation's objectives while mitigating potential risks.
- Reviewing reports and updates on cyber security threats landscape, breaches, privacy incidents, and responses to ensure appropriate actions are taken to mitigate against cyber and privacy threats.
- Reviewing and monitoring the effectiveness of the Company's resilience and business continuity arrangements and the testing of these from time to time.

A summary of the attendance at meetings of the Members of the Risk Environmental Social and Governance Committee is shown below:

Attendance of the Board Risk Environmental Social and Governance meetings for 2023/2024

	Shameel Joosub	Ory Okolloh	Francesco Bianco	Raisibe Morathi	Dr. Karen Kandie	Rose Ogega
13 June 2023	✓	✓	✓	✓	✓	–
4 July 2023	✓	✓	Apology	✓	✓	–
24 October 2023	✓	✓	✓	✓	✓	–
2 February 2024	✓	✓	Apology	✓	✓	✓

• *Rose Ogega became a member of this Committee with effect from 22 November 2023.*

Key Risk Environmental Social and Governance Committee activities

During the year under review, the committee:

- Reviewed the content of various policy documents including AML/CFT/CPL Policy.
- Discussed in detail the Business Risk Updates including changes in the heat map.
- Discussed various reports at the quarterly meetings that covered: Cyber Security Management Updates, AML/CFT Programme Updates, Data Privacy Programme Updates and Business Ethics and Compliance Updates
- Discussed significant litigation cases and their liability.
- Reviewed the Terms of Reference of the Committee

Risk management and internal control

The Board is responsible for maintaining sound risk management and internal control systems and determining the nature and extent of the risks that the Company is willing to take to achieve its strategic objectives. With the support of the Risk, Environmental and Social Governance Committee, the Board carries out a regular review of the effectiveness of its risk management framework and internal control systems, covering all material controls including financial, operational and compliance controls.

Risk registers, based on a standardised methodology, are used to identify, assess, and monitor the key risks (both financial and non-financial) faced by the business. Information on prevailing trends, for example whether a risk is increasing or decreasing over time, is provided in relation to each risk and all identified risks are assessed at five levels (extremely serious/very serious/serious/ minor/ not significant) by reference to their impact and likelihood. Mitigation plans are put in place to manage the risks identified and the risk registers are reviewed on a regular basis.

The Board, with advice from its Risk, Environmental and Social Governance Committee, has completed its annual review of the effectiveness of the risk management framework and internal controls for the year under review. No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken, and that progress is monitored.

For more on risk management, see page 50.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Human Resources Committee

Membership

As at 31 March 2024, the Human Resources Committee consisted of two independent directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director.

Members

Winnie Ouko – Chairperson
Rose Ogega
Dr. (Eng) John Mosonik
Shameel Joosub
Francesco Bianco

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees
Peter Ndegwa – Chief Executive Officer
Paul Kasimu – Chief Human Resources Officer

Functions of the Human Resources Committee

The Human Resources Committee meets at least four times a year. The purpose of the committee is to assist the Board: -

- Review and recommend to the Board for approval, the Company's Human Resources policies and manuals with respect to various matters including performance management, compensation and benefits, delegation of authority and learning and development and ensure that they comply with the relevant legislations and standards.
- Review organisational culture which shall be clearly articulated and in line with the Company's strategies.
- Review appropriate staffing policies for the Chief Executive Officer, Senior Management and other employees of the Company.
- Oversee the development and implementation of key human resource strategies that ensure employees remain motivated and promote retention of talent.
- Ensure that the Performance Management Policy is implemented throughout the Company, and that all staff are included in the system of performance review.
- Ensure management continuity through annual review and approval of a succession plan for the Chief Executive Officer and review of the CEO's plans on capacity building for Senior management.
- Ensure that the Chief Executive Officer has put into place and is monitoring succession planning systems and policies for senior management, including processes to identify, develop and retain the talent of key senior managers while maintaining an appropriate balance of skills and experience and to ensure that this is reviewed periodically.
- Periodically review and discuss key strategic staffing issues with Management as and when necessary.
- Review the content and implementation of the action plans resulting from the annual Staff Survey including any Pulse surveys thereof.
- Review the recommendations from Management on health, retirement and other related employee benefit programs.
- Review, advise, and recommend for the approval of the Board, a remuneration policy and framework for the remuneration of the Non-executive Directors and Chief Executive Officer of the Company and its subsidiaries.
- Review, advise and recommend for the approval of the Board, an overall remuneration policy, performance management policies and rewards structure for Senior management in the Company and those of the Company's subsidiaries.
- Discuss and agree upon measurable performance goals/ key performance indicators (KPIs) that will be used to assess the Chief Executive Officer for the financial year and ensure that due consultations are held with the relevant stakeholders prior to finalization of the KPIs and that the Board approves the KPIs.

A summary of the Human Resources Committee meeting members attendance is shown below:

Attendance of the Human Resources Committee Meetings for 2023/2024

	Michael Joseph	Shameel Joosub	Winnie Ouko	Rose Ogega	Ory Okolloh	Francesco Bianco	Dr. Karen Kandie
19 July 2023	✓	✓	✓	✓	✓	✓	✓
24 October 2023	–	✓	✓	✓	✓	✓	✓
25 January 2024	–	✓	✓	✓	✓	Apology	✓

• *Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023.*

Key discussions by the Human Resources Committee

During the year under review, the Committee substantively covered the following matters, and:

- Reviewed the performance of the Chief Executive Officer and his remuneration thereof as well as the targets for FY2023/24.
- Discussed and made recommendation to the Board on Employee Compensation and Bonus Review for the year 2023/2024 as well as changes to the bonus framework.
- Discussed and approved the Share Grants Proposal for FY2024.
- Reviewed the succession planning for the Senior Leadership Team (SLT).
- Reviewed the results of the interim employee opinion survey.
- Undertook an assessment of the independence of the Independent Directors in line with the provisions of the Code.
- Discussed various HR Thematic Areas including succession planning for the SLT, Culture and Talent: Diversity and retention.
- Reviewed and approved the Committee's work plan for implementation.
- Reviewed and approved the Committee's Terms of Reference for implementation.

Nominations Committee

Membership

As at 31 March 2024, the Nominations Committee consisted of three Non-Executive Directors. The committee continued to report to the Board after every committee meeting. The Committee was chaired by an Independent Non-Executive Director.

Members

Ory Okolloh – Chairperson
Winnie Ouko
Shameel Joosub
Dr. (Eng) John Mosonik

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees
Peter Ndegwa – Chief Executive Officer
Paul Kasimu – Chief Human Resources Officer

Functions of the Nominations Committee

The Nominations Committee meets at least four times a year. The purpose of the committee is to assist the Board in:

- Reviewing the balance and effectiveness of the Board and succession planning at Board and senior leadership levels.
- Monitoring the size and composition of the board and its succession plans.
- Recommending individuals for nomination as members of the board and its committees.
- Reviewing executive appointments, succession and development plans and proposing the remuneration structures of executive and non-executive members of the Board.

A summary of the Nominations Committee meeting members attendance is shown below:

Attendance of the Nominations Committee Meetings for 2023/2024

	Michael Joseph	Winnie Ouko	Francesco Bianco	Shameel Joosub	Dr. Karen Kandie	Ory Okolloh	Dr. (Eng) John Mosonik
2 May 2023	✓	✓	✓	✓	By invitation	–	–
19 July 2023	–	✓	✓	✓	✓	–	–
14 February 2024	–	✓	Apology	✓	–	✓	✓

- *Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023*
- *Dr. Karen Kandie became a member of the Committee with effect from 19 July 2023 and ceased to be a member of the Committee with effect from 22 November 2023.*
- *Ory Okolloh became a member of the Committee with effect from 22 November 2023.*
- *Dr. (Eng) John Mosonik became a member of the Committee with effect from 22 November 2023.*

Key discussions by the Nominations Committee

During the financial year, the Committee substantively covered the following matters, and:

- Led the process for identifying and nominating for approval by the Board of an independent director.
- Discussed the skills matrix for current directors and the talent pool development for the Board.
- Received updates on the implementation of the recommendations from the governance audit and Board evaluation reports.
- Reviewed and made recommendation to the Board on the composition of the Board Committees
- Reviewed and approved the Committee's work plan for implementation.

Special/Standing Committees

The Board is authorised by the Company's Articles of Association to form standing or special committees to deal with specific matters. The Board retains oversight authority over such committees. The Board Innovation and Investment Committee was formed as a standing committee which reviews key projects and investments for the Company.

As at 31 March 2024, the Investment Committee consisted of three Non-Executive Directors. The Innovation and Investments Committee continued to report to the Board after every committee meeting. The Committee was chaired by a Non-Executive Director.

Members

Dr. (Eng.) John Mosonik – Chairperson
Ory Okolloh
Shameel Joosub
Raisibe Morathi
Murielle Lorilloux

Secretary of the Committee: Linda Wambani-Anene

Permanent invitees
Peter Ndegwa – Chief Executive Officer
Dilip Pal – Chief Finance Officer
Michael Mutiga – Chief Business Development and Strategy Officer

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Special/Standing Committees (continued)

A summary of the attendance of the Innovation and Investment Committee meetings is shown below:

Attendance of the Innovation and Investment Committee meetings for 2023/2024

	Michael Joseph	Rose Ogega	Shameel Joosub	Ory Okolloh	Winnie Ouko	Raisibe Morathi	Dr. Karen Kandie	Murielle Lorilloux	Dr. (Eng) John Mosonik
18 April 2023	✓	–	✓	✓	–	✓	By invitation	–	–
29 May 2023 (Special)	✓	✓	✓	✓	✓	✓	✓	–	–
6 July 2023	✓	✓	✓	✓	✓	✓	✓	–	–
19 October 2023	–	✓	✓	✓	✓	✓	✓	–	–
15 December 2023 (Special)	–	–	✓	✓	–	✓	–	By Invitation	✓
25 January 2024 (Special)	–	–	✓	✓	–	✓	–	By Invitation	✓
5 March 2024	–	–	✓	✓	–	✓	–	Apology	✓

- *Michael Joseph ceased to be a member of the Committee with effect from 1 August 2023*
- *Rose Ogega ceased to be a member of the Committee with effect from 22 November 2023.*
- *Winnie Ouko ceased to be a member of the Committee with effect from 22 November 2023.*
- *Dr. Karen Kandie ceased to be a member of the Committee with effect from 22 November 2023.*
- *Dr. (Eng) John Mosonik became a member of the Committee with effect from 22 November 2023.*
- *Murielle Lorilloux became a member of the Committee with effect from 22 November 2023.*

Subsequent events

On 21 February 2024, the Board approved the reconstitution of its committee structure and membership. Key to note is that the number of committees has increased to five from three. This is to ensure increased focus on the implementation of the mandate of each committee for the benefit of the Company as a whole, to create efficiencies in the reporting structure to the Board and allow for broader participation from all directors.

Our committees and their membership

	Audit Committee	Risk and ESG Committee	Nominations Committee	Human Resources Committee	Innovations and Investment Committee
Shameel Joosub	–	–	✓	✓	✓
Raisibe Morathi	✓	✓	–	–	✓
Francesco Bianco	–	✓	–	✓	–
Karen Kandie	✓	✓	–	–	–
Rose Ogega	✓	✓	–	✓	–
Winnie Ouko	✓		✓	✓	–
Ory Okolloh	✓	✓	✓	–	✓
John Mosonik	–	–	✓	✓	✓
Murielle Lorilloux	–	–	–	–	By invitation

In line with best practice, the Chairman of the Board is not a member of any of the committees. The Chief Executive Officer is a permanent invitee to all the Committees.

Governance policies

Besides complying with the Code and the laws, the Company has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in various policies and in the Code of Business Conduct with which every employee, supplier and the Board makes a commitment to comply.

Board Charter

The Board Charter is critical to Safaricom's governance framework, and offers guidance on matters including, but not limited, to:

- The separation of the roles, functions, responsibilities and powers of the Board and its individual members.
- Powers delegated to the Board committees.
- Matters reserved for final decision-making and approval by the Board.
- Policies and practices of the Board on matters of corporate governance, directors' declarations, and conflict of interest, conduct of Board and Board committee meetings; and
- Nomination, appointment, induction, ongoing training and performance evaluation of the Board and its committees.

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Company. The Board Charter is periodically reviewed to ensure that it remains current.

Code of Ethics and Conduct

The Company pursues ethical decision making and leadership to promote corporate social responsibility, fair business practices, sustainability and the triple bottom line that focuses on the society, the environment and profitability. The Board has implemented a Code of Ethics and Conduct which binds Directors and Employees and is subscribed to by all members of the Company. Initiatives to ensure its application include training, monitoring, mechanisms for whistle blowing, taking disciplinary action, etc. The Code has been integrated into the Company's operations through the development of various policies and reporting mechanisms.

Safaricom Directors and employees are expected to act with honesty, integrity, and fairness in all their dealings with one another and with stakeholders. When joining Safaricom, every employee is provided with a copy of the Code and must commit to abide by its requirements as part of the employment contract with the Company.

Board policies

The Board has established policy and procedure documents to guide the Directors and Management in the implementation of their roles and responsibilities. A summary of the governance documents and their key provisions are listed below:

Non-Executive Directors Remuneration policy

The policy sets out guidelines and criteria for the compensation of the non-executive directors. The remuneration to be paid to the NEDs is guided by the findings of a survey conducted by an independent consultant and which is compared against the remuneration of a comparator organisations in the market. The findings of the survey are tabled and discussed in detail by the Board Nominations Committee. To ensure that the Company remunerated its Non-executive Directors at the desired position to pay at least at the 75th percentile of the market.

Whistle-blowing policy

Safaricom has a whistle-blowing policy that provides for an ethics hotline managed by an independent, accredited, and external institution. Through the hotline, anonymous reports on unethical / fraudulent behaviour can be made without fear of retaliation from the suspected individuals.

Whistle-blowing statistics are reported to the Ethics Committee and the Audit Committee on a quarterly basis. Staff members and business partners are also regularly sensitised on the need to report any suspected unethical business practices.

The whistle-blowing policy provides a platform for employees, suppliers, dealers, and agents to raise concerns regarding any suspected wrongdoing, and the policy details how such concerns are addressed. The Board ensures that risks arising from any ethical issues are identified and managed in the risk management process. To view the whistle-blowing policy please visit our website at [https://www.safaricom.co.ke/images/Downloads/Safaricom-Whistle-Blowing-Policy.pdf]

Conflict of interest policy

Directors are obligated to fully disclose to the Board any real or potential conflict of interest which come to their attention, whether direct or indirect. All business transactions with all parties, directors or their related parties are carried out at arm's length.

Operational policies

There are broad operation policies that guide Management in execution of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions including Human Resource, ICT, Risk Management, Financial Management, Sustainability, Environment, Safety and Health and Corporate Affairs.

Corporate Social Responsibility

Safaricom recognises that Corporate Social Investment (CSI) issues are of increasing importance to its stakeholders and are fundamental to the continued success of the business. Thus, we have a CSI policy that ensures that we operate our business in a responsible manner at all times for the benefit of our customers, staff, suppliers, and the wider community. We exercise CSI by partnering with and investing in communities to find sustainable solutions. We also encourage our employees to take part in CSI initiatives aimed at improving the standards of living of the communities that they come from. Our CSI activities are disclosed every year in the social impact section of this report, sustainability, and foundation reports.

How We Safeguard Value (continued)

Corporate Governance Report (continued)

Board Committees membership and meeting attendance (continued)

Board policies (continued)

Procurement policies

We have in place procurement policies that promote a fair and transparent procurement process, with emphasis on value for many and building mutually beneficial relationships with our suppliers. A Management Tender Committee oversees the award of tenders and there is appropriate Risk assurance for procurement activities.

Insider trading policy

As a listed company, Safaricom is obliged under the Companies Act 2015 to require that the Directors and certain other employees with inside information do not abuse or place themselves under suspicion of abusing insider information that they may have or be thought to have.

This is especially so in periods leading up to an announcement of financial results. To this end, the Company has a policy on insider trading. Directors and staff are made aware that they ought not to trade in the Company's shares while in possession of any material insider information that is not available to the public or during a closed period. To ensure compliance with the Companies Act, 2015 the Company communicates 'open' and 'closed' periods for trading in its shares to its employees and Directors on an annual basis. To the best of the Company's knowledge, there was no insider dealing in the financial year under review.

Shareholder relations

We believe that good corporate governance is critical, not only at the corporate level but also at the national level. We require our partners to adhere to the highest level of integrity and business ethics in their dealings with us or with others.

In the year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

- Continuing to implement our strategy for the long-term prosperity of the business.
- Timely and relevant disclosures and financial reporting to our shareholders and other stakeholders for a clear understanding of our business operations and performance
- Ensuring execution of strong audit procedures and audit independence
- Strong internationally recognised accounting principles
- Focus on clearly defined Board and management duties and responsibilities.
- Focusing on compliance with relevant laws and upholding the highest levels of integrity in the Company's culture and practice.

Relationship and communication with shareholders

Safaricom remains committed to relating openly with its shareholders by providing regular as well as ad hoc information on operating and financial performance and addressing any areas of concern. This is achieved through:

- Interim and annual results and publication of extracts of its financial performance in the daily newspapers, preparation of annual audited accounts and holding of the annual general meeting.
- Copies of the annual reports are made available to shareholders at least 21 days before the date of the AGM and they are free to raise questions to the Board during the meeting.
- The Company has a well-established culture on shareholder management which is handled by the Internal Investor Relations team, supported by the Company Secretary's office and the Shares Registrars, Image Registrars Limited.
- The Safaricom website has a specific webpage dedicated to the information requirements of the shareholders and investment analysts.
- Investor briefing sessions are held immediately after the announcement of interim and full year results.
- Local and international investor road shows are held after interim and full year results announcements; representatives of the Company's senior leadership team in collaboration with known stock brokerage firms organise meetings with institutional investors, individual shareholder groups and financial analysts.
- The Board of Directors encourages shareholder participation at the Company's annual shareholder meetings.
- Safaricom Plc Board in collaboration with the board of its subsidiary Safaricom Ethiopia hosted at two-day investor day in Ethiopia on 22 and 23 February 2024.

The Company's Annual General Meeting (AGM) is an opportunity for shareholder engagement when the Chairman and the Chief Executive Officer explain the Company's full year performance and receive questions from shareholders.

The Chairpersons of the Audit Committee, Risk Environmental and Social Governance Committee, Human Resources Committee, Nominations Committee and Innovation and Investment Committee are normally available at the AGM to take any relevant questions. All other Directors also attend, unless illness or pressing commitments preclude them from doing so.

During the investor briefings that were held in the year under review, shareholders and stakeholders were keen to hear more on the Ethiopia expansion, M-PESA performance, macro and regulatory environment, GSM business, the competitive landscape and market share, IFC disclosure, the country's state post-election and dollar shortage and the latest developments in industry regulation.

Directors' remuneration report for the year ended 31 March 2024

Introduction

The key objective of the Board Nominations Committee (BNC) is to make sure that the Board comprises of individuals with the necessary skills, knowledge, and experience to ensure that it is effective in discharging its responsibilities and to review the remuneration of directors and senior management as well as the succession planning at board and senior leadership levels.

The members of the Committee during the year are indicated on page 153. The Committee's responsibilities have been set by the Board and are outlined in the Board Charter and the Terms of Reference of the Committee, which are both available on the Company's website.

Directors' Remuneration Report

Report preparation

The Directors' Remuneration report has been prepared to enlighten the shareholders on the remuneration payable to both the Executive and Non-executive Directors. It is the view of the Committee and the Board that the Company's reward arrangements best support our business effectiveness by only delivering above target pay-outs when this is justified through Company performance and the current policy will support the implementation of the Company's short term and long-term objectives.

The Directors' Remuneration Report is unaudited except where otherwise stated.

Regulatory compliance

In March 2016, the Capital Markets Authority (CMA) issued the Capital Markets Code for Issuers of Securities (The Code) which became operational twelve months after its gazettement. The Code outlines various compliance requirements with respect to the remuneration of directors.

The Companies Act, 2015 which was enacted in September 2015 and became operational in June 2016, requires the Company to table a Directors' Remuneration report to its shareholders as part of its audited financial statements. The Committee has prepared this report in accordance with the requirements of the Code and the Companies Act 2015 (the Act).

Current policy

The Company's current Remuneration policy reflects a commitment to the following principles:

a) ensuring our remuneration policy, and the way it is implemented, drives the behaviors that support our strategy and business objectives.
b) maintaining a "pay for performance" approach to remuneration which ensures our incentive plans only deliver significant rewards when they are justified by business performance.
c) aligning the interests of our senior management team with those of shareholders by developing an approach to share ownership that helps to maintain commitment over the long term; and
d) offering competitive and fair rates of pay and benefits.

Remuneration for Non-Executive Directors

The Company's Non-Executive Directors' (NEDs) are compensated in the form of fees but are not entitled to any pension, bonus, or long-term incentives such as performance share plans. The package covers a director's role in the Board, any Board Committee(s) and any other activities as identified in the approved compensation schedule and in line with the Non-Executive Directors Remuneration policy. Elements of the compensation schedule include the following:

a) Annual retainer fee for the Chairman and other non-executive directors, which is paid on a quarterly basis.
b) Sitting allowances for Board and Board Committee meetings.
c) Expenses incurred with respect to travel, accommodation, pre approved consultancy fees or other expenses incurred because of carrying out duties as a Director are reimbursed at cost.

The Company's policy is to remunerate its Non-executive Directors at the desired position, to pay at least at the 75th percentile of the market. This ensures that the Company is competitive in sourcing and retaining its Directors.

The Non-executive Directors remuneration was last reviewed in 2023. The current compensation structure was determined following a benchmarking exercise with comparable entities that was undertaken in 2023 by PricewaterhouseCoopers (PwC) and which was discussed substantively by the Human Resources Committee on 25th January 2024. The Board approved the revised compensation package for the Non-Executive Directors on 21st February 2024.

Details of the fees for the non-executive directors and remuneration of the executive directors paid in the financial year under review are set out on the financial statements part of the annual report.

Going concern

The Board confirms that the financial statements are prepared on a going concern basis and is satisfied that the company has adequate resources to continue in business for the foreseeable future. In making this assessment, the directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital, and other resources.

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Safaricom Business

Corporate Information

FOR THE YEAR ENDED 31 MARCH 2024

Registered office and principal place of business

L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827-00800
Nairobi, Kenya

Principal bankers

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Citibank House
Upper Hill Road
P.O Box 30711 - 00100
GPO Nairobi, Kenya

Standard Chartered Bank Kenya Limited
Standard Chartered Building
Westlands road, Chiromo Lane
Westlands
P.O Box 30003 - 00100
Nairobi, Kenya

Acting company secretary

Linda Mesa Wambani
L.R. No. 209 / 15029
Safaricom House, Waiyaki Way
P.O Box 66827 – 00800
Nairobi, Kenya

Independent auditor

Ernst & Young LLP
Kenya Re Towers, Upper Hill
P.O. Box 44286-00100
Nairobi, Kenya

Registrars

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5th Floor, Absa Towers, Loita Street
P.O. Box 9287-00100, Nairobi
Telephone: +254 709 170 000
Email: **info@image.co.ke**
Website: **www.image.co.ke**

Shareholder related issues

Telephone: +254 709 170 041/00
Email: **safaricomshares@image.co.ke**

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Who We Are

Safaricom PLC is a leading Kenyan communications technology company and a digital innovator providing a wide range of tech and communication services, including mobile voice, messaging, data, financial and converged services with a purpose to Transforming Lives.

Our purpose

Transforming Lives.

Our vision

To be Africa's leading technology company.

Our brand promise

A tech-enabled force for good. Safaricom is your technology partner for the digital future, with you at every step. Across your connections, entertainment, education, life, work, business, and community, together, we're creating an exciting digital future for you, Kenya, and beyond.

Our Beliefs

Customer Obsession

We believe in ruthlessly aligning with peoples' lives and business priorities to realise our dream of a brighter, digital future for all. No compromise, no distractions. This is fundamental to our success.

Kenyan Ingenuity

We believe Kenyans are global leaders in leveraging digital technology that benefits society and propels the nation and the world forward.

Inspiring Humanity

We believe technology's greatest power is its ability to inspire and enhance our humanity. We tirelessly advocate for the well-being, dignity and progress of all our people.

Safaricom