Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

37th SESSION
2 – 6 November 2020

Tuesday, 3 November 2020

Agenda item 3. Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals: Review of case studies

Presented by

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Manager, Technical Services, Institute of Certified Public Accountants of Kenya

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CASE STUDY: REPORTING BY SAFARICOM PLC (KENYA)
ON ITS CONTRIBUTION TO IMPLEMENTING THE SDG AGENDA
IN LINE WITH THE GUIDANCE ON CORE INDICATORS

By CPA Cliff Nyandoro, ICPAK - Kenya

3rd November 2020
ISAR 37 – Geneva, Switzerland

PILOT PROJECT BASED ON THE 2019 SUSTAINABILITY REPORT
Towards Reducing Inequalities

2019 Sustainable Business Report

Safaricom
Presentation agenda

- Company background
- Case Study findings
- Lessons learnt
Safaricom PLC is a leading Kenyan communications company and a leading digital innovator providing a wide range of communication services, including:

- mobile voice,
- messaging,
- data,
- financial and converged services

with a *vision* to empower a connected society.
FY19 YEAR IN REVIEW

**Customer Satisfaction**

- **31.8m** total customers, +7.7% compared to FY18.
- **61** Net Promoter Score (down from 72 in FY18).
- **50%** percentage of female employees in workforce.

**TRUE VALUE**

- **9.6x** financial profit of KSh 62.5b.
- **6.3%** contribution to GDP.

**Our Customers and Ecosystem**

- **22.6m** M-PESA customers, +10.2% compared to FY18.
- **2.1m** additional customers in FY19.
- **18.8m** mobile data customers, +6.4% compared to FY18.
- **1m** farmers, additional 300,000 farmers since FY18.

**Our People**

- **80** Network NPS (Net Promoter Score), +8pts.
- **34%** percentage of female employees in senior management.
- **178** women-owned businesses pre-qualified under our Women in Business Initiative, 3.2% of total spend.
- **2.1%** percentage of the workforce that is differently-abled.

**Impact on the Economy**

- **12 fuliza overdrafts processed per second.**
- **37.3%** of all diaspora remittances sent through M-PESA.

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1. International money transfers remitted from outside Kenya, mostly by Kenyans living abroad.
Clean power
91 sites
Solar and hybrid rolled out
Cumulative total of 246

99,827
Water Consumption (L)
+9.2%
additional 6,370 litres due to new
Customer Care office in Eldoret

65,708
Carbon emissions (tCO₂e)
+3.2%
Increase of 2,024 tCO₂e

258,250
Recyclable/Organic
Waste Collected (kg)
1,072
E-waste collected
to date (tonnes)
217 tonnes collected in FY19

6,700km
Cumulative Fibre Optic Footprint
+23%
additional 1,235km in FY19

Universal Service Fund
activity expanded mobile
network coverage for
238,082
people

Impact on the Environment

All figures quoted in KSh billion²

89.0
Earnings Before
Interest and Taxes

62.5
Net Income

63.1
Free Cash Flow

239.8
Service Revenue

95.8
Voice Service
(international & calling)

75.0
M-PESA

36.3
Mobile Data

19.6
Messaging

8.1
Fixed Service

2,424
Enterprise Buildings
passed by our
Fibre Optic Network

5,992
Businesses connected to
Fibre Optic Network

1,200
Transactions per second
(1TPS), up from 900 in FY18

Our Infrastructure

2G
96%
2G Coverage

3G
93%
3G Coverage

4G
57%
4G Coverage

M-PESA

²These financial results reflect the adoption of IFRS 15 standards. Please refer to Safaricom Annual Report for further details on financial performance.
Our Purpose
Why we exist
To transform lives

Our Vision
Where we are going
To be a leading digital services provider that empowers a connected society

Our Way
How we need to do it
Speed, Simplicity, and Trust
Alignment of strategy with SGD

Our Contribution to the Sustainable Development Goals

In making the SGDs a central pillar of our business, we have made sustainable development a part of the culture at Safaricom. We have identified 9 of the 17 SGDs that best represent our dedication to sustainability and incorporated them into our business strategy.

- 3 Good Health and Wellbeing
- 4 Quality Education
- 7 Affordable and Clean Energy
- 8 Decent Work and Economic Growth
- 9 Industry Innovation and Infrastructure
- 10 Good Health and Wellbeing
- 12 Responsible Consumption and Production
- 16 Affordable and Clean Energy
- 17 Quality Education

Visit http://safarinonetsg and learn more about our Sustainable Development Goals.
Goals of the pilot project

Why participate?
Safaricom joined the UNCTAD pilot project to report on its contribution to implementing the SDG agenda based on the Guidance on Core indicators (GCI) for entity reporting on the contribution towards the attainment of the Sustainable Development Goals proposed by UNCTAD.

Safaricom joined the project:
• to support the UN efforts towards achieving the SDGs and promote SDG reporting,
• to demonstrate the ability of business entities to report on their SDG activity based on the GCI,
• to improve the GCI quality,
• to demonstrate its leadership in sustainability reporting.
## Sustainability reporting framework

<table>
<thead>
<tr>
<th>Report Highlights</th>
<th></th>
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</table>
| Reporting standards applied                            | GRI SRSs (comprehensive)  
IFRS (for main financial indicators)                   |
| UN Global Compact requirements                         | Progress report  
Assurance standards used by the independent auditor (PWC) |
| GRI Material topics                                    | 20 (4 - economic, 10 - social, 6 – environmental) |
| GRI Disclosures                                        | 50 – full, 4 – partial |
| GCI Indicators                                         | 21 – full, 8 – partial, 4 – not disclosed |
## Action taken to disclose GCI

<table>
<thead>
<tr>
<th>Status of information needed for the 2018 sustainability report</th>
<th>Activity to produce GCI</th>
<th>Number of GCIs</th>
</tr>
</thead>
<tbody>
<tr>
<td>The indicator has been covered by the sustainability report prepared using existing indicators</td>
<td>Give a link to the existing metrics</td>
<td>14</td>
</tr>
<tr>
<td>The information about the indicator is available and can be sourced from the accounting system or internal reporting</td>
<td>Make an additional query and/or consolidate data</td>
<td>3</td>
</tr>
<tr>
<td>The information needed to disclose the indicator has been collected as part of the GRI sustainability report preparation</td>
<td>Make additional calculations and/or disclosure</td>
<td>12</td>
</tr>
<tr>
<td>Not needed (the indicator is not included in the 2019 Sustainability Report)</td>
<td>None</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>
Lessons learnt

- The GCI is an important tool to entrench business reporting on the contribution towards the achievement of the SDGs
- GCI is based on sustainability reporting frameworks most widely used across the globe, thus for the average users of the existing frameworks, the disclosure of GCIs does not present significant difficulties
- The training manual proved to be a crucial tool in understanding the CGI and their disclosure
Lessons learnt

• Data for use in reporting based on GCI is readily available for most of the GCIs, hence no difficulties in reporting using the GCI framework

• Safaricom appreciates GCI and plans to continue making efforts towards disclosing GCIs in subsequent sustainability reporting cycles
Thank You!

END