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

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

CASE STUDY: REPORTING BY SAFARICOM PLC (KENYA) ON ITS CONTRIBUTION TO IMPLEMENTING THE SDG AGENDA IN LINE WITH THE GUIDANCE ON CORE INDICATORS
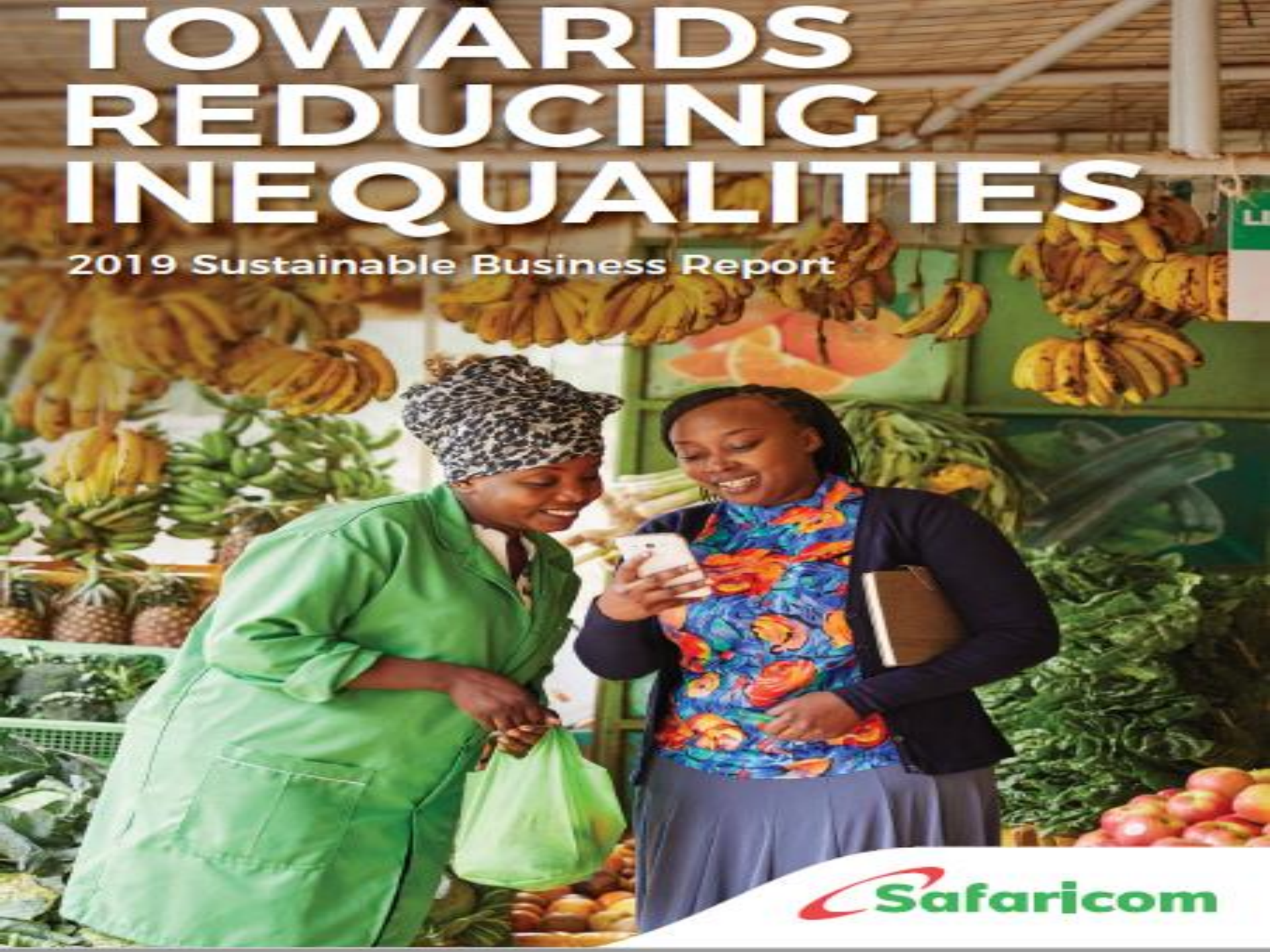
By CPA Cliff Nyandoro, ICPAK - Kenya

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

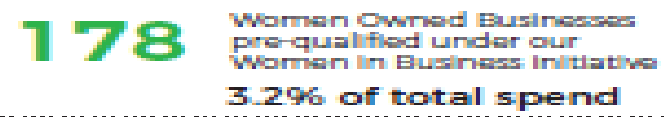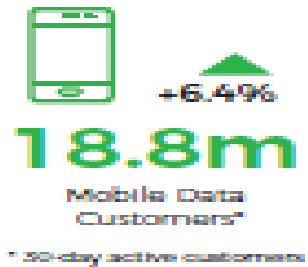❑Case Study findings

❑Lessons learnt

Company background

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

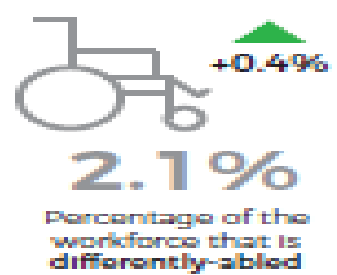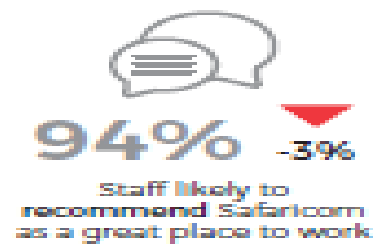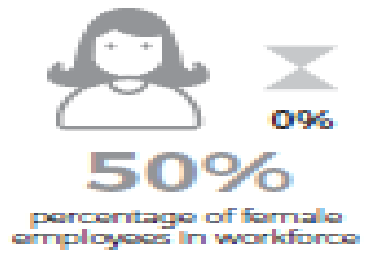with a ***vision*** to empower a connected society.

FY19 YEAR IN REVIEW

This section highlights our most significant challenges and areas of progress during the 2019 financial year (FY19). Any changes in performance are indicated against FY18 performance for year-on-year comparison.
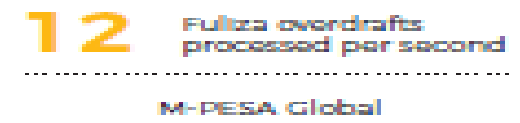
Our Customers and Ecosystem

+7.7%
31.8m
Total Customers

+10.2%
22.6m
M-PESA Customers*

M-PESA
2.1m
additional customers in FY19

+6.4%
18.8m
Mobile Data Customers*

*30-day active customers

Customer Satisfaction

-11pts
61
Net Promoter Score
down from 72 in FY18

+8pts
80
Network NPS
(Net Promoter Score)

-43
18
Dismissals for fraud

DigiFarm
1m farmers
additional 300,000 farmers since FY18

178 Women Owned Businesses pre-qualified under our Women in Business Initiative
3.2% of total spend

Our People

0%
50%
percentage of female employees in workforce

+2%
34%
Percentage of female employees in senior management

-3%
94%
Staff likely to **recommend Safaricom as a great place to work**

+0.4%
2.1%
Percentage of the workforce that is **differently-abled**

Impact on the Economy

TRUE VALUE
9.6x financial profit of KSh 62.5b

-0.2%
6.3%
Contribution to GDP

Service Revenue Growth
+7%
240
(KSh billion)
7% year-on-year growth (ahead of Kenyan GDP growth)

12 Fuliza overdrafts processed per second

M-PESA Global
37.3%
(KSh 101 billion) of all diaspora remittances' sent through M-PESA
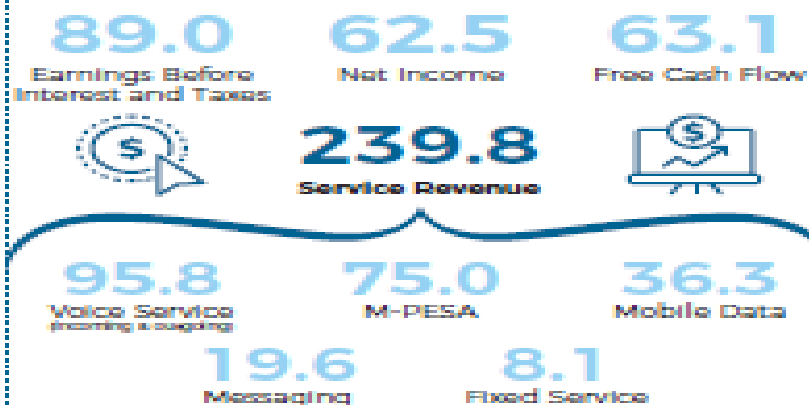
1. International money transfers remitted from outside Kenya, mostly by Kenyans living abroad.
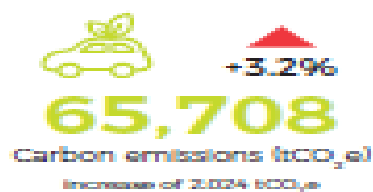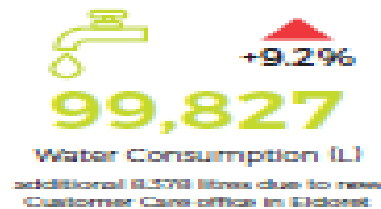
Impact on the Environment

Clean power
91 sites
Solar and hybrid rolled out — Cumulative total of 246

+9.2%
99,827
Water Consumption (L)
additional 8,578 litres due to new Customer Care office in Eldoret

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

E-waste collected to date (tonnes)
1,072
217 tonnes collected in FY19

258,250
Recyclable/Organic Waste Collected (kg)

Financial Results

All figures quoted in KSh billion[2]

89.0	62.5	63.1
Earnings Before Interest and Taxes	Net Income	Free Cash Flow

239.8
Service Revenue

95.8	75.0	36.3
Voice Service (incoming & outgoing)	M-PESA	Mobile Data

19.6	8.1
Messaging	Fixed Service

Our Infrastructure

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

+23%
6,700km
Cumulative Fibre Optic Footprint
additional 1,231km in FY19

107,762
Residential Homes connected to Fibre Optic Network
Increase of 59,114 since FY18

+502
2,424
Enterprise Buildings passed by our Fibre Optic Network

5,992
Businesses connected to Fibre Optic Network

2G **0%**
96%
2G Coverage

3G **+7%**
93%
3G Coverage

4G **+22%**
57%
4G Coverage

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

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 SGDs

Our Contribution to the Sustainable Development Goals

In making the SDGs 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 SDGs that best represent our dedication to sustainability and incorporated them into our business strategy.

3 GOOD HEALTH AND WELLBIENG	4 QUALITY EDUCATION	7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	10 GOOD HEALTH AND WELL-BEING
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	16 AFFORDABLE AND CLEAN ENERGY	17 QUALITY EDUCATION

Visit http://safintranet/sdg 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

Report Highlights	
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

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

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