

KPMG Case Study

Safaricom Limited

Integrating the Sustainable Development Goals into Safaricom's Corporate Strategy

Transforming Lives

Safaricom exists to 'Transform Lives'. This purpose statement permeates every decision made by the company, and drives it to push the traditional boundaries of doing business in order to create value for society. Safaricom believes that the role of business extends far beyond making profits, which is why the company sees mobile telecommunications and its related products and services as a unique opportunity to improve the quality of life and contribute to sustainable livelihoods for people throughout Kenya.

ABOUT SAFARICOM

Safaricom Limited is the largest mobile operator in the Kenyan market. It serves over 23 million customers: more than two thirds of the Kenyan market. Safaricom's services include mobile and fixed voice, SMS, data, internet and M-PESA, a mobile phone-based money transfer service with over 25 million subscribers.

Over the past 3 years, Safaricom has contributed an average of US\$46 million to Kenyan government revenue per year, which accounts for approximately 5 percent of the total government revenue.

The **assessment carried out by KPMG in 2015** using KPMG's True Value methodology demonstrated the significant impact Safaricom has on the Kenyan economy, society and environment. The report concluded that the 'true earnings' of Safaricom were more than ten times the value of the company's financial earnings.

The findings from the True Value Report were encouraging, but as a company which takes its commitment to sustainability seriously, Safaricom wanted to do more.

In order to do this, Safaricom decided to engage KPMG to support in integrating the values that drive sustainability at the core of every business decision.

"I wanted us to 'walk the talk', integrating sustainability in a way that enhances our strategy and helps our business to deliver against our targets and mission. I wanted every employee, from my Senior Leadership team to our shop floor colleagues to understand and embrace sustainability."

Bob Collymore, CEO, Safaricom



The Sustainable Development Goals



Source: United Nations (2015), Transforming our world: the 2030 Agenda for Sustainable Development.

The Sustainable Development Goals (SDGs) were adopted by world leaders in September 2015 with a view to **end poverty, protect the planet**, and **ensure prosperity for all**.¹ They follow on from the Millennium Development Goals, and articulate an agenda for the next 15 years (to 2030) which requires input from all sectors of society across the globe, including corporate actors who are key in the achievement of the targets.

A key stakeholder and contributor in the achievement of the SDGs is the private sector. Although Safaricom appreciated its role in delivering this agenda, the integration of 17 goals and its 169 targets felt like a daunting task. On the one hand, Safaricom saw this as an exciting opportunity to drive sustainability into the core of the business, but on the other hand acknowledged that this was a difficult task and that the success of this endeavor would largely be dependent on the degree to which the team could clearly illustrate the business value that the SDGs could create.

"It has always been very clear to me that sustainability is part and parcel of the business strategy, however it was not evident at first how it could contribute to our operational excellence and how to position it within our core business strategy."

Joseph Ogutu,
Director of Strategy and Innovation,
Safaricom

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

Stephen Chege,
Director of Corporate Affairs, Safaricom

1. United Nations (2015), Transforming our world: the 2030 Agenda for Sustainable Development.

A top-down, bottom-up approach to integrating sustainability in Safaricom

Safaricom developed its first sustainability framework six years ago and, since then, it has been implementing a dynamic sustainability agenda under the lead of Sanda Ojiambo, the Head of Corporate Responsibility who explained:

"The Sustainable Development Goals presented the opportunity to engage the entire business in an agenda that would contribute towards business objectives. The challenge lay in how to ensure full understanding and participation of our staff and provide a co-creation environment that would allow our staff to develop smart yet challenging SDG objectives linked to our business sustainability agenda and ultimately to their divisional and personal Key Performance Indicators. We knew that embarking on this process would identify additional areas of business opportunity and process improvement that would be critical to our purpose of Transforming Lives."

Defining what would be the best approach to engage the company effectively on the Sustainable Development Goals, and to integrate sustainability into the business was far from obvious. The sustainability team in charge of this task started by looking into change management literature and best practices on integrating the SDGs in the local and global market. However, the team soon came to realise that there was no one-size-fits-all model, and that the body of knowledge on how to integrate the goals into core business was limited. Therefore, they decided to create a bespoke approach that would borrow the lessons learned from other businesses, make use of the relevant literature and, at the same time, adapt it to the specific organisational culture and the wider context within which the company operates.

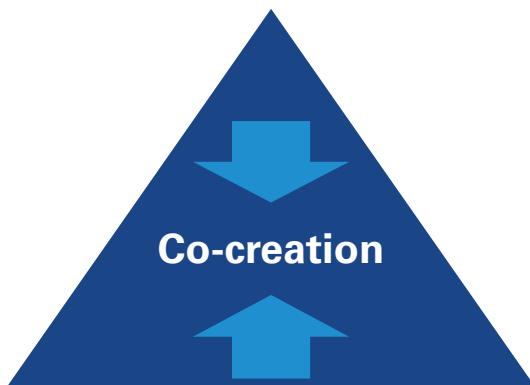
The team crafted a 'top-down bottom-up co-creation approach' which consisted in engaging in parallel with the Senior Leadership Team and their team of Sustainability Champions to develop a framework for integrating the SDGs into Safaricom's corporate strategy. The approach was inclusive, and entailed wide consultations with various levels and functions across the company. It also entailed numerous iterations and shifts of direction. Some business divisions found it more challenging than others to define what this agenda meant for them.

This was not a box ticking exercise. The mandate was to review and understand the SDGs and find their resonance with the business. This required a different type of conversation around goal setting for the business divisions. For many of the divisions, it took several discussions to agree on how best to articulate the SDGs in a way that was relevant and would add value to the business.

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

Samuel Ngugi,
Senior Supply Chain Manager, Safaricom

Co-creation of the vision and aspiration (top down)



Co-creation of the vision and articulation into action plans and targets specific and relevant to the business units (bottom up)

The key features of the 'top-down, bottom-up co-creation approach' were:

- Engage with all layers of the company in parallel
- Start the conversation from the perspective of the business. Discuss business objectives and improvement areas first, and then discuss and agree together how the SDGs could enhance performance and help overcome challenges
- Explore untapped business opportunities offered by the SDGs
- Give freedom within a framework. Encourage the teams to articulate the SDGs in a way that makes sense for the business
- Keep a flexible approach and have as many iterations as necessary until the articulation of the relevant SDGs is fit for purpose.

This approach enabled Safaricom to adopt and integrate the SDGs in a way that made sense for the various divisions, and empowered them to own that vision.

"This engagement with Safaricom has been a great example of how a company can use what it has and what it is good at to create partnerships that build business while creating meaningful value for the economy, society and the environment. It was re-affirming to spend time with the company's executives and see the degree to which their existing activities were clearly aligned to the Sustainable Development Goals. This process has been a catalyst for re-focusing on the many shared value opportunities that already exist and can be created in the future."

Neil Morris,

Director, Climate Change and Sustainability, KPMG in South Africa



"At first, when we sat down for our meeting with KPMG and our internal Sustainability team, we did not realise we were talking about sustainability. The conversation was very relevant for our everyday work but when they unveiled the relevant SDGs we clearly saw the connection between this framework and our business unit."

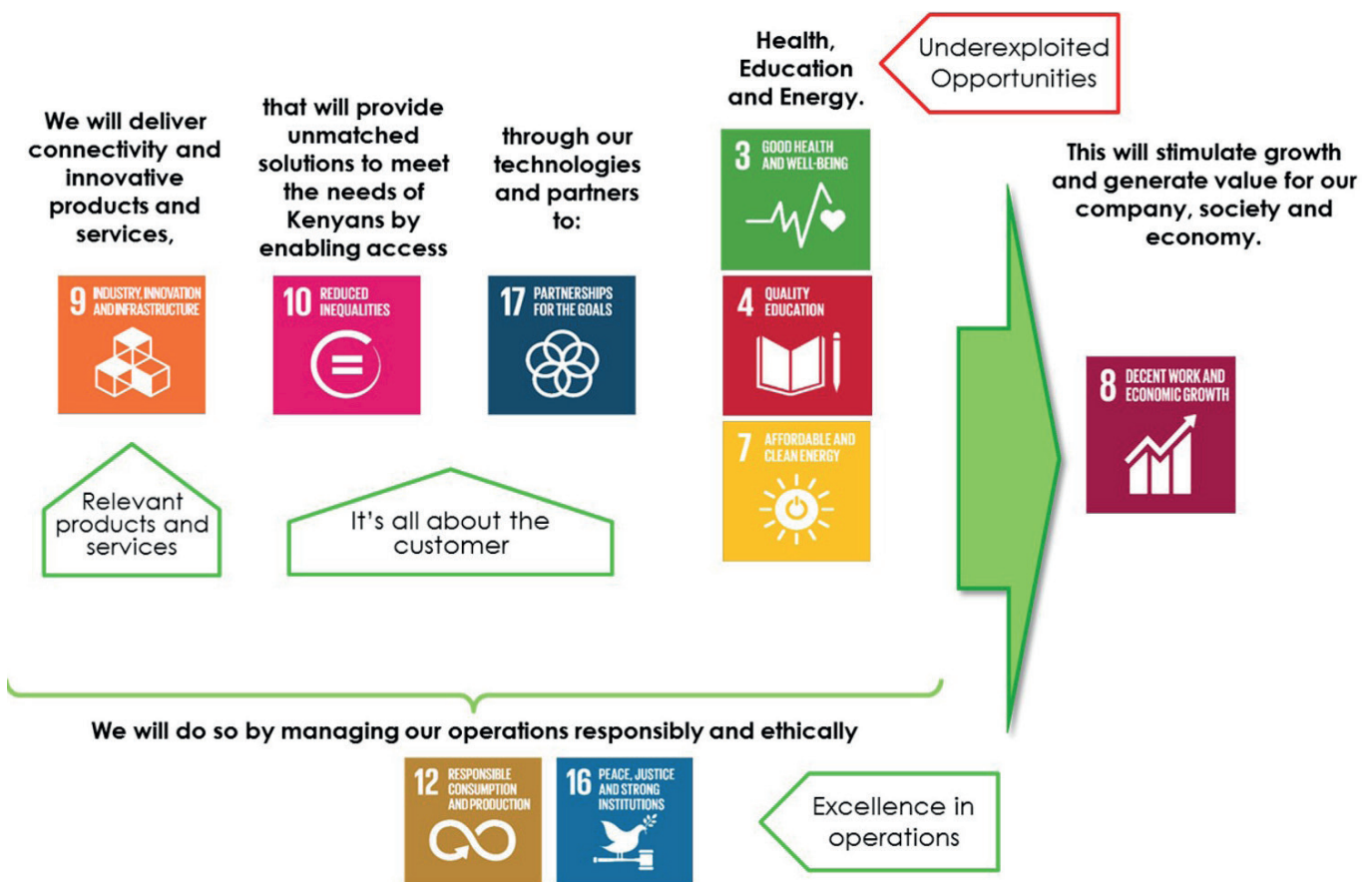
Sharon Waga,

Sustainability Champion, Customer Operations, Safaricom

Integrating the Sustainable Development Goals in Safaricom

This consultation process helped Safaricom to develop a narrative and provide the business with a purpose statement for its commitment to sustainability that fits within Safaricom's business strategy: 'We commit to **deliver connectivity and innovative (Goal 9)** products and services that will provide unmatched solutions to meet the needs of Kenyans by **enabling access (Goal 10)** through our technologies and **partners (Goal 17)** and by exploring opportunities in **Health (Goal 3), Education (Goal 4)** and **Energy (Goal 7)**. We will do so by managing our operations **responsibly (Goal 12)** and **ethically (Goal 16)**. This will **stimulate growth** and **generate value (Goal 8)** for our company, society and economy'.

This narrative was articulated in a way that fits within Safaricom's business strategy which has 3 pillars: 'Excellence in Operations', 'Relevant Products and Services' and 'It's all about the customer'. The SDGs have been overlaid on this strategy as a way of integrating them in the business and supporting the realization of the 'Transforming Lives' purpose statement.



'The initial intention was to shortlist just a few SDGs. However, when we started talking to the business we realised the SDGs work better for us as a system. They are like a car that needs all its parts to run properly. We therefore steered away from selecting a few goals and moved toward a narrative. We articulated this framework for it to serve our purpose of Transforming Lives.'

Elisa Moscolin,
Sustainability Manager, Safaricom

Integrating the Sustainable Development Goals in Safaricom

In understanding the importance of integrating the SDGs into the Safaricom way of doing business, a multi-pronged approach was taken. Some of the elements include:

Link reporting of goals to Sustainability Reporting and Corporate Strategy Reporting

Link SDGs to Safaricom Strategic Objectives

Quarterly reviews of progress against targets and integration into Internal Audit and project management process

Integration of SDG KPIs into performance management and course correction process

Internal and external communications and engagement plan

Articulation of goals, target setting and action plan in each Business Unit

The Sustainable Development Goals in Action

After breaking down the SDGs through a business lens and questioning how this framework could enhance its performance, the company as a whole and the individual business units were ready to look again at the Goals and articulate what each goal meant for Safaricom, what the commitments to the goals would be and how focusing on these commitments would add value to the business as a whole. Each business division has also articulated a statement that reflects their commitment to the SDGs. For example:

"We, the Finance division, will encourage ethical behaviors in our supply chain by **promoting decent work and good labour standards (Goal 8)**, ensuring **transparency and visibility on our procurement practices and fighting corruption in all its forms (Goal 16)** within our business and our business ecosystem. We will also support the company to make informed decisions about **responsible consumption and production (Goal 12)**."

"We the Technology division will support the business being guided by the SDGs **such as fostering a conducive work environment by putting safety first (Goal 8)** for all staff and our partners as well as ensure that **all staff are treated equally (Goal 10)**. We will further entrench the use of **energy-efficient technologies (Goal 7)** within our installations that are **environmentally friendly (Goal 12)** while we **extend coverage of our services and offer an excellent Network Experience (Goal 9)** to society."

"We, the Financial Services division, will **drive innovation and financial inclusion (Goal 9)** by **developing relevant products that improve lives (Goal 3 and 7)** and spur **economic growth (Goal 8)**. We will **facilitate access (Goal 10)** to goods and services through the formation of **partnerships (Goal 17)** and leveraging the M-PESA platform as a payment mechanism."

These divisional commitments were then underpinned by action plans, targets and KPIs that are being integrated into employees' performance objectives starting at Executive Committee level and cascading down to the rest of the employees with the aim of ensuring ownership and accountability.

"I think the SDGs provide a common platform and language for stakeholders to engage. Our intention is to engage now in a conversation with the broader business ecosystem to mobilize our stakeholders."

Karen Basiye,
Sustainability and Social Policy Senior Manager, Safaricom.

KPMG's Commitment to the Sustainable Development Goals

KPMG International believes that as a global corporate citizen, it is in its enlightened self-interest to proactively contribute to the world being a better place. Taking action to address societal, environmental and economic challenges is core to KPMG's purpose and people; through it KPMG empowers change and lives out its core value 'we improve communities'.

KPMG International's commitment to the Sustainable Development Goals (SDGs) builds on its long-standing commitment to the Millennium Development Goals and the UN Global Compact principles which address human rights, the environment, labour standards and anti-corruption.

KPMG International is pursuing the SDGs by harnessing its skills, relationships, networks, influence, geographical coverage, resources and determination. This is achieved through:

- work with private, public and not-for-profit clients that provides societal, environmental and economic benefits across all 17 SDGs;
- deployment of financial and human capital in serving communities, alongside civil society;
- actions KPMG member firms take within their operations, such as carbon footprint reductions;
- contribution to policy, dialogue and action by others by providing perspective and example.

KPMG International is developing thought leadership to inspire and equip organizations to increase their contribution to sustainable development. These include:

- **SDG Industry Matrix:** a series of six industry publications, produced in collaboration with the UN Global Compact, providing industry-specific practical examples and 'shared value' ideas for action for all of the SDGs.
- **SDG Boardroom Questions:** a two-page summary of why the SDGs matter to business, together with key questions for management and Boards to consider.
- **Unlocking the Power of Partnership: a Framework for Effective Cross-Sector Collaboration:** A publication providing insights on effective, transformative partnerships to deliver the SDGs.



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