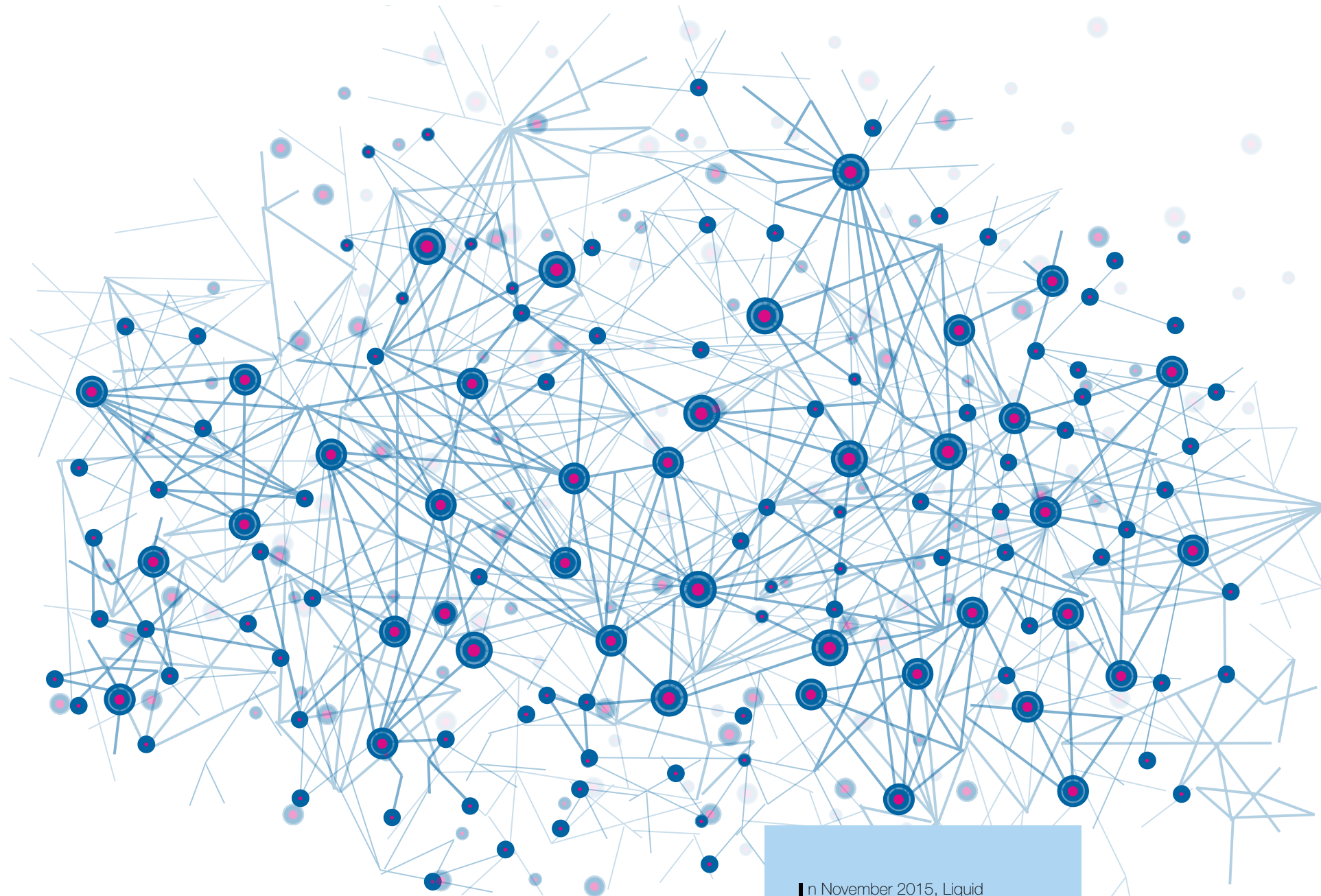




Sustainability  
**Report** 2016 / 2017

**LIQUID**  
TELECOM



# Put Simply, We Connect People.

Liquid Telecom is the leading independent data, voice and IP provider in eastern, central and southern Africa. Everything we do is driven by a simple yet powerful belief that everyone in Africa has the right to be connected. Over the last decade, this vision has helped us change the face of communications in the region.

Cover image: Youth in Kibera, Nairobi, connect with Poa International low-cost Internet bundles, in data partnership with Liquid Telecom Kenya, 2016.

In November 2015, Liquid Telecom Kenya committed to The Code of Ethics for Business in Kenya, which is an initiative by the business community of Kenya to promote and enhance the ethics of business conduct in Kenya in line with the ten principles of the UN Global Compact in the areas of Human Rights, Labour Standards, Environment and Anti-corruption.

The engagement prompted a review of all areas and interfaces of the business, and the initiation of a company-wide sustainability programme. This report outlines the progress made in the first year following Liquid Telecom Kenya's engagement with the Code in achieving the goals it lays out.

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# Code of ethics for business

We, the business community, recognise that ethical business brings about good business. We are committed to play a proactive role in building a globally competitive and prosperous nation, with a high quality of life, as envisioned in Vision 2030. As good corporate citizens, we commit to treating our stakeholders with Respect, to run our businesses with Responsibility, to act in Compliance with applicable laws, and to be actively involved in Corruption Prevention. Our commitment to these ethical standards determines our interaction with our stakeholders (that is, our organisations; our shareholders and investors; users of our products and services; our suppliers, contractors and agents; our society; and our state and government) and the environment

## Our Organisation

**Respect:** We respect the human rights and dignity of all our employees and do not tolerate unfair discrimination or favouritism.

**Responsibility:** We take responsibility for providing decent, safe and healthy work environments for our employees, and for developing their talent.

**Compliance:** We comply with labour laws and related regulations, safety and health policies, and standards of decent work.

**Corruption Prevention:** We actively develop anticorruption programmes, institute internal control systems, and build a culture of corruption-free business practice.

## Our Shareholders

**Respect:** We respect our shareholders and other potential investors for financing our organisations, thus creating employment in the nation.

**Responsibility:** We take responsibility for economic development by pursuing a healthy return on investment.

**Compliance:** We comply with principles of good governance that inspire investor confidence.

**Corruption Prevention:** We avoid corrupt practices that can harm the good reputation of our shareholders and other investors.

## Our Customers

**Respect:** We respect our customers and clients, do not mislead or exploit them, and value their feedback.

**Responsibility:** We communicate truthfully on our products and services and take responsibility for their safety and quality.

**Compliance:** We comply with consumer protection laws, refrain from anti-competitive practices, and ensure that our products and services meet health and safety standards.

**Corruption Prevention:** We embrace corruption-free practices to ensure that users can trust our products and services.

## Our Suppliers

**Respect:** Our interaction with our business partners is based on mutual respect and therefore we engage in win-win relationships.

**Responsibility:** We encourage our business partners to share our commitment to responsible business.

**Compliance:** We comply with all contractual and legal obligations agreed with our business partners, and we pay them on time.

**Corruption Prevention:** We do not give or receive bribes and avoid corrupt practices that can harm our relationships with our business partners.

## Our Society

**Respect:** We respect the people and social and cultural norms of the communities in which we operate.

**Responsibility:** We take responsibility for the impact of our operations on local communities, and we contribute to the development and strengthening of the societies in which we operate.

**Compliance:** We comply with the ethical norms of the society from whom we earn our license to operate.

**Corruption Prevention:** We collaborate with communities and civil society organisations to create a corruption-free society.

## Our State

**Respect:** We respect the elected government, the rule of law, and all organs of the state.

**Responsibility:** We are responsible and law-abiding corporate citizens who co-operate fully with the government to promote good governance in our nation.

**Compliance:** We comply with all laws and regulations of our country, and we pay our taxes.

**Corruption Prevention:** We do not bribe public officials or engage in corrupt practices, we report corruption, and we collaborate with the government to stamp out corruption.

## Our Environment

**Respect:** We treat our natural environment and biodiversity with respect.

**Responsibility:** We take responsibility for our impact on the natural environment, support green business practices, and take remedial actions to ensure the sustainability of our natural resources.

**Compliance:** We comply with environmental laws and regulations and implement environmentally sustainable practices.

**Corruption Prevention:** We avoid corrupt practices that can degrade our natural heritage.

# Address by Chairman & CEO

## Mr Ben Roberts

CHAIRMAN OF LIQUID TELECOM KENYA

Ethics are the bedrock of any business that seeks to succeed in serving all of its stakeholders, across owners, employees, customers, suppliers, and the general public through its care of society and the environment.

At Liquid Telecom, we have always been a vision-driven company, founded by one of Africa's best known philanthropic businessmen, Strive Masiyiwa. As we have moved to becoming Africa's largest independent voice, data and Internet provider, we have accelerated our pace of growth by acquiring existing businesses, which has sometimes presented us with difficult realities in transforming businesses that have, on occasions, been performing poorly, into vibrant, highly motivated, and vision-driven operations.

In this, Liquid Telecom Kenya has been at the forefront in implementing the group's corporate culture and ethical foundation across one of the group's larger acquisitions, made now four years ago.

On committing to the implementation of the Code of Ethics for Business in Kenya, which is an initiative we laud and view as completely aligned with our group's own value system, we have moved to increase the resourcing and focus on achieving sustainable business practices in our Kenyan operation. This, we now view as a long-term commitment.

### Ben Roberts

Chairman

## Mr Adil Youssefi

CHIEF EXECUTIVE OFFICER OF LIQUID TELECOM KENYA

Ours is now a large organisation, where achieving integrity, fairness and balance in every action we take needs to receive ongoing attention, accompanied by continuous problem solving and improvement.

In this, our first Sustainability Report, we have sought to outline our most significant steps in the last year in securing a sustainable and ethical business foundation, and to lay out our ethics agenda for 2017, against which we shall measure our own achievements in the year ahead.

I should like to thank the group, as well as all our staff, customers and suppliers, for their sincere and serious efforts in securing the ethical basis of our business operation to date.

I look forward to further achievements ahead in securing our vision of Internet access for every African, on the basis of integrity and an absolute commitment to fair play.

### Adil Youssefi

Chief Executive



Liquid Telecom Kenya has been at the forefront in implementing the group's corporate culture and ethical foundation across one of the group's larger acquisitions, made now four years ago.

# Business growth and impact

## Liquid Telecom's Business Mission

Liquid Telecom Kenya is part of the Liquid Telecom group, which is a subsidiary of Econet Global group.

The Liquid Telecom group is the leading independent data, voice and IP provider in Eastern, Central and Southern Africa, with Africa's largest single fibre network, currently spanning over 24,000km across borders and covering Africa's fastest-growing economies where no fixed network previously existed.

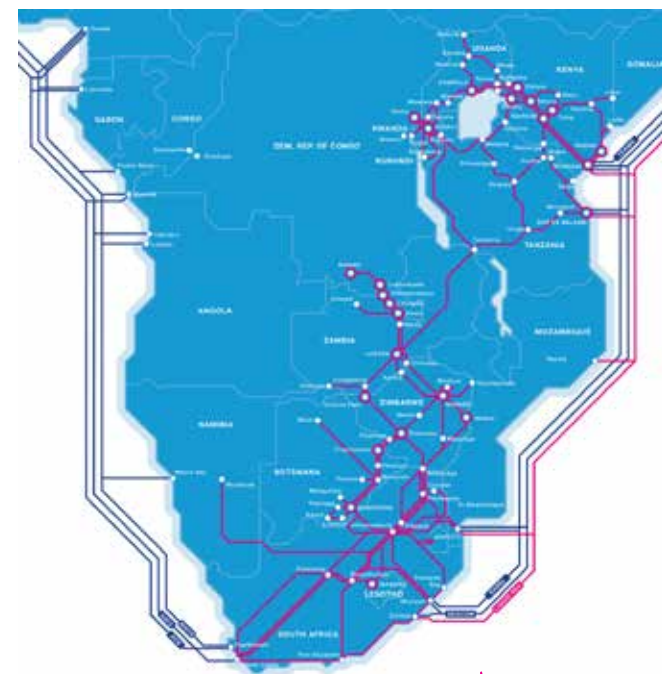
The network includes The East Africa Fibre Ring, and the first regional fibre ring on the continent, which provides connectivity from all of the five main subsea cable systems landing in Africa; WACS, EASSY, SEACOM, SAT3 and TEAMS.

The group supplies fibre optic, satellite and international carrier services to Africa's largest mobile network operators,

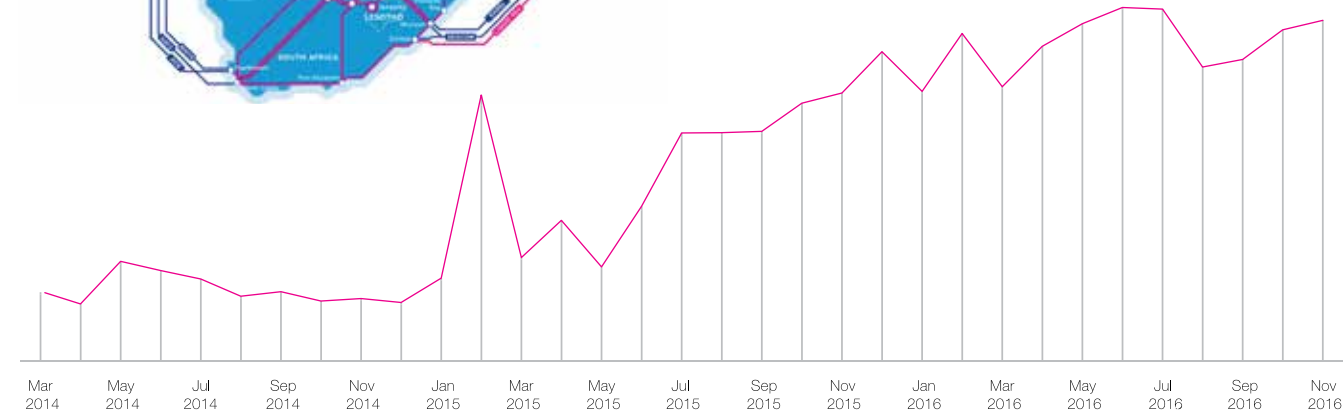
ISPs, financial institutions and businesses of all sizes. It also provides payment solutions to financial institutions and retailers, as well as award winning data storage and communication solutions to businesses across Africa and beyond.

The group has operations in Botswana, DRC, Kenya, Tanzania, Lesotho, Mauritius, Nigeria, Rwanda, South Africa, Uganda, Zambia, Zimbabwe and the UK under a number of different wholesale, enterprise and retail brands.

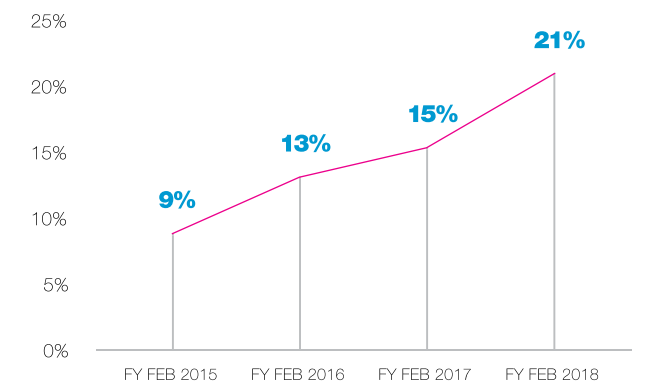
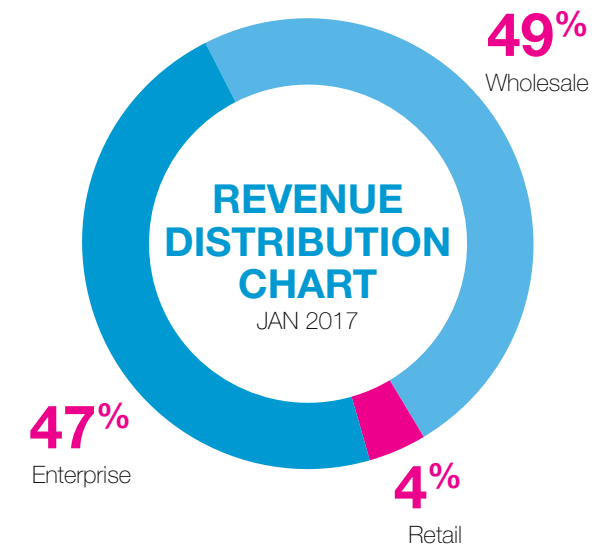
It has been named Best African Wholesale Carrier for the last five consecutive years at the annual Global Carrier Awards.



“ It has been named Best African Wholesale Carrier for the last five consecutive years at the annual Global Carrier Awards.



Monthly revenue growth chart In millions of Kshs



Annual revenue growth percentages

## Liquid Telecom Kenya

Liquid Telecom came to Kenya in 2013 following the acquisition of Kenya Data Network (KDN). It has since invested heavily in improving the existing infrastructure and building new infrastructure, and achieved strong sales growth. Its investments and business management have increased the staffing by 10 per cent since the acquisition, to 237 staff by the end of 2016, onboarded an additional 74 casuals into formal employment, and moved the business into profitability.

The company now has a fibre network of 5,000 km spanning much of Kenya, with 800km of fibre laid during 2016, and has connected 41 of the 47 counties in the country to high speed Internet. As well as its drive to provide county access, Liquid Telecom Kenya has worked intensively to expand access to high speed Internet through a range of initiatives funded through Sh20.3bn of infrastructure and other investment in the Kenyan business.

## Free Street WiFi

In 2015, Liquid Telecom Kenya partnered with the Presidential Strategic

Communications Unit – Digital and the Nakuru County Government to provide free street Wi-Fi in Nakuru. Dubbed Bilwaya, the project's successful launch has since won many accolades, with many hundreds of users now connected to Biliwaya at any one time. In November 2016, the company launched a similar initiative in Kiambu County.

Liquid Telecom Kenya has additionally injected \$1m into the setup of more than 350 free Wi-Fi hotspots across the country, with the data use at the hotspots predominantly paid for by shopping malls, banks, restaurants, and other organisations.

## Retail Internet

In February 2016, Liquid Telecom Kenya launched its retail Internet brand in Kenya, offering connectivity to homes and small businesses. During 2016, the company provided connections to 2,500 homes. It expects to connect 10,000 more homes to broadband Internet during 2017. Thanks to the company's investment in new Metro rings, designed to end the downtime caused by cable cuts and to increase speeds ten-fold, the Hai brand is now offering the cheapest, most reliable, and fastest home Internet in Kenya.

## Reducing data losses

The East Africa Data Centre is an independent company within The Liquid Telecom Group. The carrier-neutral data centre in Nairobi is the largest and most sophisticated in East Africa, offering secure and reliable space for dedicated hosting, interconnection services, collocation, disaster recovery, network-based services, applications and cloud services.

It is the only Tier 3 secure electronic data centre in east and central Africa, built to international standards and the specifications of the Uptime Institute, a globally acclaimed data centre certification body that focuses on design of mission critical facilities, uptime and operational sustainability.

## Corporate Internet

Liquid Telecom is the leading supplier of Internet and data services to corporate Kenya, servicing 80 per cent of banks in Kenya, multiple parastatals, and many of the country's leading manufacturers and retailers.



# Serving our customers

Liquid Telecom Kenya carries most of the country's banking data, keeping ATMs working and transactions flowing; provides bandwidth to most of Kenya's telcos; supplies the country's key Internet services, including KENIC for all co.ke domain addresses, the Kenya internet Exchange Point, and the local caches for FaceBook, Google and other international services; and keeps the nation's public library system, its agricultural research stations, and its universities online.

This kind of client base makes it imperative that the company focuses on achieving consistent service, with back-up power, and back-up signal to cover every eventuality, as well as prompt and effective customer service.

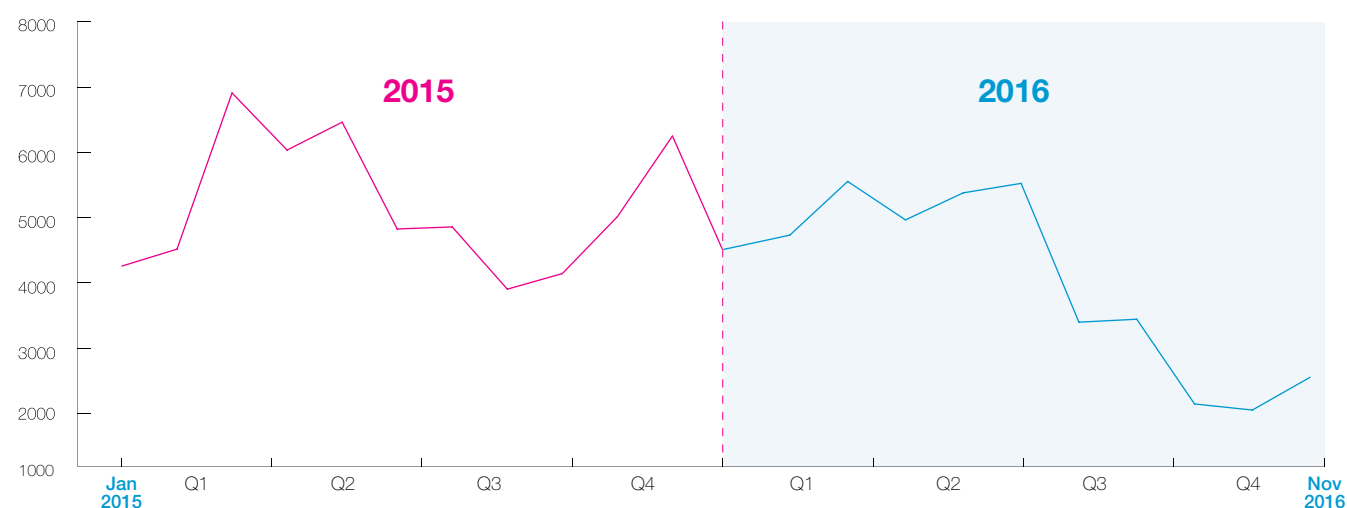
- ➔ The Corporate Call Centre now operates 24/7 with a manager, a team leader and 9 agents
- ➔ Clients can now sign up and chat using an online interface, or send email inquiries
- ➔ The average repair time of fibre breaks has been reduced to three hours, with a maximum turnaround on complex issues of 24 hours
- ➔ Training to agents was expanded to include dedicated sessions on all new products
- ➔ Client handling teams were created, comprising an account manager, credit control officer, technical services manager, and credit control officer
- ➔ Average call handle time was reduced to 3 minutes
- ➔ The company's social media presence was expanded and employed as an additional means of responding to clients' queries
- ➔ The improved resolution of enquiries, and parallel initiatives to reduce downtime, led to a halving in the number of calls to the call centre by the final quarter of 2016

## Customer service upgrades

During 2016, Liquid Telecom Kenya launched a customer service review and implemented a programme to improve customer management, servicing, and retention.

- ➔ The customer services team was boosted by four additional staff, and now handles 50 tickets a day, with a 95 per cent resolution rate within two hours.
- ➔ Customers were categorised into corporate and retail (under the Hai brand) to speed and streamline servicing with specialist teams
- ➔ A Hai Call Center was opened during 2016, which operates until 10pm with a team of 9 agents, one team leader, and one quality analyst

## Calls per month



## Reducing costs for everyone

Liquid Telecom Kenya's investments and partnerships have helped reduce Internet costs and improve speeds for almost every Internet user, including millions of Kenyans who do not know that they are using Liquid Telecom Internet.

An Africa-wide agreement between Liquid Telecom and Bharti Airtel in late 2015 means mobile broadband subscribers across Africa are now enjoying faster Internet access speeds on its 3G and 4G networks,

with Airtel using Liquid Telecom's 20,000km terrestrial fibre network to connect its mobile base stations and enterprises across East, Central and Southern Africa. The agreement covers over 300 Airtel sites in Kenya.

Liquid Telecom Kenya has also connected fibre to 400 new communications towers, many of which are independently owned.

The company is also committed to housing African data in Africa, to

reduce data lead times and costs to the telecom companies that are its customers, and, thereby, to their customers. To this end, the Kenya Internet Exchange Point is now housed in the group's East Africa Data Centre, as are the Nairobi caches for FaceBook and Google, meaning leading services are now connected locally.

In 2016, Liquid Telecom Kenya was also the first ISP in Africa to roll out IPV6 addresses, as IPV4 addresses now move into short supply.

## Improving reliability

In late 2015, the company completed an advanced fibre network underneath Nairobi that delivered a ten-fold increase in speeds and a sharp reduction in downtime, as part of a Sh20.3bn investment in infrastructure. The upgrade has almost eliminated the network disruption caused by cut cables, which were frequently damaged by construction workers, road repairs, or rodents.

Liquid Telecom replaced the Nairobi network's fibre spurs, which came out from aggregating routers, with a city-wide matrix of network squares. Every cable in the new network now runs between two switches at each corner of the square.

This meant that a cable cut that would previously sever the connection for everyone further up the spur, now

sees the signal remain intact all the way up to the cut in both directions.

Liquid Telecom Kenya installed 1,200 new edge switches for the rebuild. It has also built new metro networks in Kisumu, Nakuru, Garissa, Mombasa, Kilifi and a mini metro in Eldoret, with further construction of metro rings underway.

## Managing risk

Liquid Telecom Kenya has run several initiatives designed to maintain connections during natural disasters. These include the deployment of 100 field staff and contractors over several weeks preparing for the most recent El Nino rains, by assessing and relocating fibre and equipment in high risk areas, and ensuring instant power back up at all hub sites. The company reinforced bridge attachments over the Nyali Bridge and the River Nzoia,

Yala, Nyando, Sondu, Chania, and Voi, and relocated cables away from construction sites, and built earth supporting walls where soil erosion was a major risk. The team also put in additional protection at high hill transmission sites, such as Nandi Hills, where thunderstorms posed a threat, and at transmission sites on flood plains, which included Kano Plains and areas between Kericho and Molo, Mau Summit, and Eldoret.

In communities prone to vandalism, Liquid Telecom Kenya has conducted a programme of community sensitisation to stop the lifting of cables, organizing barazas with the local chiefs and village elders, and engaging local youths as site monitors, thereby creating an extra source of employment.

# Beating corruption

When Liquid Telecom acquired Kenya Data Networks in 2013, it inherited a number of legacy issues. These included some cases of unethical business, illegal set-ups, and on-selling of bandwidth across multiple nodes, as well as single-sourcing from suppliers.

On investigation, the illegal practices were not a reflection, by any means, on all staff, nor were they found to be a matter of intent or deliberate managerial practice by the former management. Rather, they were separate incidents that together sometimes constituted a pattern, and which reflected a weak institutional framework and absence of sufficient and adequate corporate systems, checks and balances.

Liquid Telecom Kenya is committed to a policy of zero tolerance on corruption, and the management therefore conducted a forensic audit of its bandwidth use and contracts to identify all points of illegal sale, and initiated the formulation and execution of a range of new anti-corruption systems.

## What was happening:

1. Single sourcing- there were cases where service was based on who knows who
2. There were a large number of ghost/illegal connections
3. There were no Key Performance Indicators to guide vendors/suppliers and encourage accountability
4. Some contractors were paid before completion of a job
5. There was evidence of payment exaggeration
6. There were discovered to be some fake receipts and some diverted collection of funds from customers

## Actions taken by Liquid Telecom Kenya:

1. Single sourcing was ended
2. All services and processes were streamlined during 2016
3. Business practice review meetings are now conducted every month
4. Payments were standardized with the development of a standard rate card
5. A strict supplier vetting and on-boarding process was formulated and adopted in April 2016
6. In the process of supplier vetting, some suppliers, who were found not to comply with Liquid Telecom Kenya's ethical standards, were dropped. The company now only associates with vendors who conduct ethical business. Suppliers have to pass a set criteria and present prequalification documentation that includes

- financial statements, registration certificates, insurance documents, referees, and tax compliance evidence
7. The company introduced a vendor's conflict of interest form that all suppliers are required to sign before undertaking any transactions with Liquid Telecom Kenya
  8. Disciplinary action was taken against those found culpable of conducting illegal and unethical business
  9. Systems were put in place to closely monitor contacts and all engagements with clients
  10. More verification procedures were introduced in all technical and financial transactions, putting in place more controls and checks

## Staff disciplinary actions

In total, 14 disciplinary cases were identified over the course of the year. These cases spanned gross negligence, breach of set procedures, alcoholism, theft, and presenting wrong and tampered information to the organisation.

Seven of these 14 employees left the organisation, of which one was surcharged, four were issued with termination letters, and two resigned. Two of the terminated employees were arrested, with one charged with fraud and theft pending court hearing. Specific forensic investigations into dishonest practices gave rise to seven of the total disciplinary cases, and there were other unsolicited resignations around the time of these investigations.

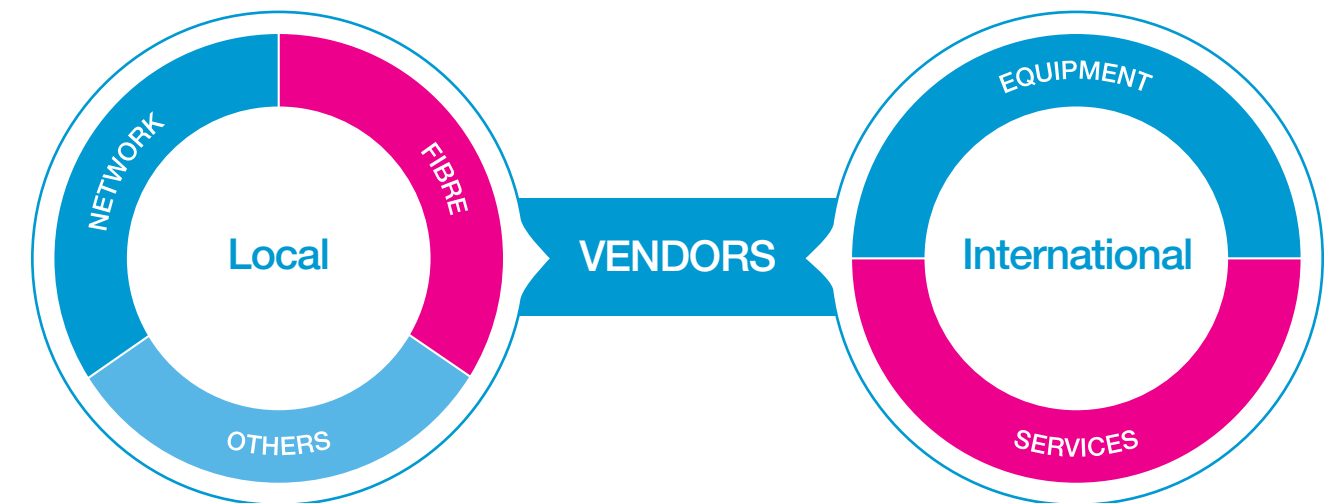
## Staff integrity audit

Liquid Telecom Kenya undertakes due diligence on all new employees contacting all relevant bodies with individuals' documentation. In 2016, five candidates were disqualified during this process. In addition, all existing staff have been required to produce Good Conduct certification, which must be updated annually from 2017.

Liquid Telecom Kenya will, further, be obtaining clearance certification from the Ethics and Anti-Corruption Commission from 2017 for each member of its senior management. This is in line with Liquid Telecom's zero tolerance on corruption, and HR best practice.

## Vendor Audit

Liquid Telecom Kenya vetted all its suppliers in 2015. At that time, its database held 1,400 suppliers, but only around 300 were actively supplying the company. Some suppliers were dropped after vetting and 152 new suppliers were vetted and on-boarded.



## Transparency Reporting

Transparency reporting is one of the strongest ways for technology companies to disclose threats to user privacy and free expression. Such reports educate the public about company policies and safeguards against government abuses, and contribute to an understanding of the scope and scale of online surveillance, network disruptions, content removal, and a host of other practices impacting consumers' fundamental rights and the integrity of ISPs as service providers.

Liquid Telecom Kenya is committed to transparency reporting, submitting comprehensive data to the relevant authorities, while enforcing full privacy protection for all of its users. Its systems and reporting procedures are fully aligned with those

of the Econet Group in its commitment to absolute user privacy except where a transparent and public court order exists. Liquid Telecom Kenya is now working with the model provided by Access Now to achieve a rating under its Transparency Reporting Index.

Liquid Telecom Kenya received three information requests for customer contacts connected to Internet addresses, from recognised and legitimate Kenyan law enforcement and national security agencies and co-operated with these requests after verifying they were in line with procedure. Similar requests from members of the public or companies are routinely refused on confidentiality grounds. There were no requests for Internet censorship or blocking of Internet to any customer received from any agency in Kenya.

## Ethics policy and training

Liquid Telecom Kenya is working on a comprehensive ethics policy to govern how business should be conducted as well as the activities of its employees and vendors. The policy is being constructed with the help of a consultant. Once this is done, it will be immediately communicated to and implemented by all staff.

This policy will provide a clear definition of the company's ethics policy, which was previously guided by different documents and policies, including the code of conduct, the employees' manual, and vendor forms.

The new ethics policy will provide a platform to send out a message of zero tolerance on corruption,

define fraud, bribery and corruption (which can be very vague), clarify the company position on gifts and hospitality, and the treatment of customers and suppliers, competition and corporate governance.

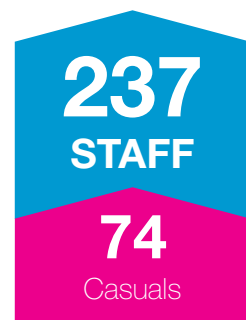
The policy will also provide a mechanism on whistle blowing, which does not currently exist. As much as the management has an open-door policy, but there is no formal policy of protection yet in place.

Liquid Telecom Kenya is also working on a series of ethics training courses to sensitise management and staff on the Code of Ethics for Business in Kenya, in a programme of roll out that will commence in early 2017.

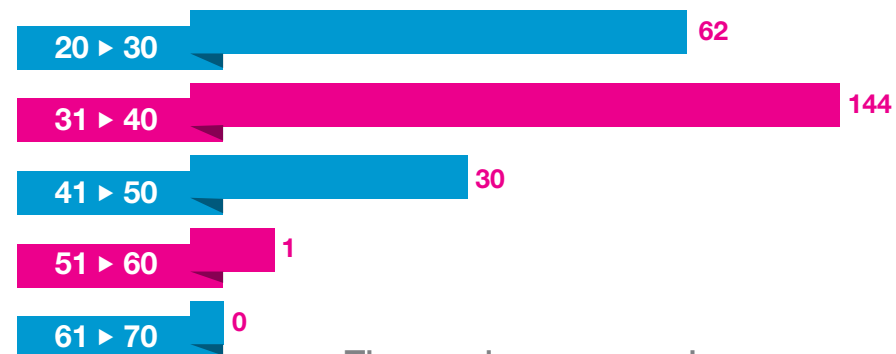


# Ethics in the workplace

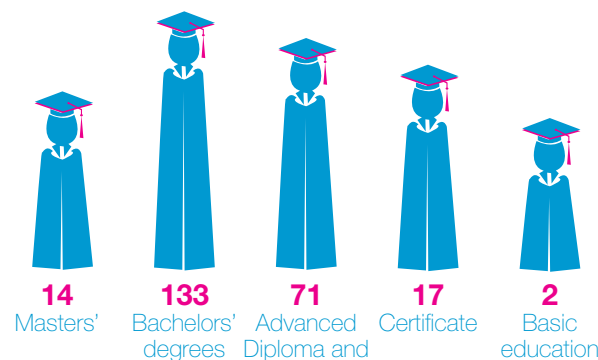
Liquid Telecom Kenya manages a diverse workplace, of employees from different nationalities, and educational backgrounds, as permanent employees and as casuals.



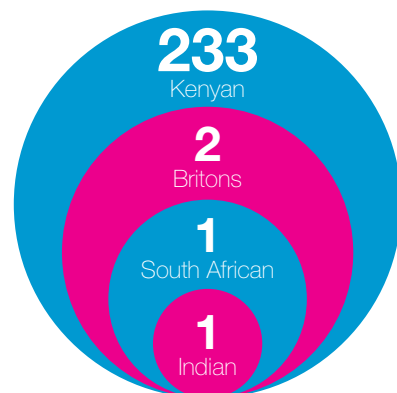
No. of staff & casuals



Age range of employees



Employees level of education



Nationality of employees

## The employee manual

The Employee Manual published in February 2015 sets out the policies and operational procedures to be followed by all employees when they perform activities associated with Liquid Telecom Kenya's human resources, management, and operational activities. The manual defines disciplinary offences and the boundaries of what is acceptable and not acceptable.

The manual was compiled from the previous existing policies of Kenya Data Networks and Altech Stream, and aligned with the current constitution and the 2007 Employment Act. The document will be reviewed in 2017.

## Staff support

Liquid Telecom Kenya is committed to providing a supportive environment for staff, geared towards securing a healthy and highly motivated workforce. In 2015 and 2016, it implemented a range of policy changes to further support the wellbeing of its staff.

## Psycho-social support for employees.

Liquid Telecom Kenya now offers psycho-social support to employees, provided by a third party. This is offered when an employee reports, or shows some signs of, behaviour that is affecting their performance. It is a voluntary engagement, which staff take up in confidence, and which is designed to support and aide employees in dealing with traumatic issues beyond the workplace. In 2016, this support was provided in three cases.

## Leave

In 2016, annual leave days were increased from 21 to 24 days. Maternity and paternity leave are set at the levels defined by the Employment Act 2007. Liquid Telecom Kenya also offers employees up to 10 days of study leave.

The company additionally offers compassionate leave of five days, as well as unpaid leave for staff who have exhausted their leave days, at the discretion of the management and as agreed on a case by case basis.

## Staff incentives

Liquid Telecom Kenya has various incentives for its staff. These include an annual staff vote for the employee of the year, based on outstanding performance, with the selected employee usually awarded.

The company also recognises long serving employees with a long service award given after 10, 20, 30 and 40 years of continuous service.

## Staff training

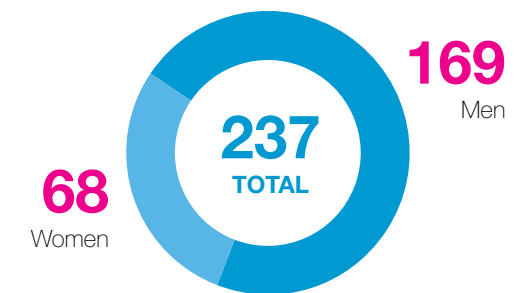
In 2016, a total of 117 staff were trained in the six months from June to November.

Type of training	No. of employees
Metro Ethernet Forum	4
Cisco SMB Account Managers Training	20
Cisco Exams for SMB Account Managers Training	28
Sales Academy for New Hires	20
Insurance Focus Conference	2
Hay	2
Negotiation Workshop	20
Annual National HRM Conference	1
Account Planning Workshops	20

## Women in the workplace

Liquid Telecom Kenya treats all its employees equally. There is no discrimination based on gender. Both males and females have access to the same facilities, training, benefits, allowances and all undergo the same disciplinary procedures.

Just under one third of the staff are women.



Men are more numerous than women in the technical department, especially among engineers.

To change this narrative, the human resource department has been involved in career talks across different schools and universities to encourage more women to take an interest in technology engineering.

Liquid Telecom Kenya will, in early 2017, be launching a female mentorship programme in an effort to inspire more women to take up careers in the male dominated fields of technology, and of motorsport, an area that the company has invested in through sponsorships of the Kenya National Rally Championships, of the women's team Rally Chix (Tash Tundo and Chantal Young) and of driver Ian Duncan.

## Support for mothers

Liquid Telecom Kenya in 2016 opened a breast feeding facility for its employees, creating a nursing room that mothers use to take time out and express milk for their babies when they return from maternity leave.

Liquid Telecom Kenya gives its female staff 3 months' maternity leave. But in addition to that, when they come back to work, they are allowed to have flexible working hours for the following months. This gives them more time to spend with their newborns even after the maternity leave period comes to an end.

## Sexual harassment policy

Liquid Telecom Kenya has implemented a sexual harassment policy to ensure that a positive working environment is maintained. The company will not tolerate any acts of sexual harassment or related retaliation against an employee.

## HIV/AIDS policy

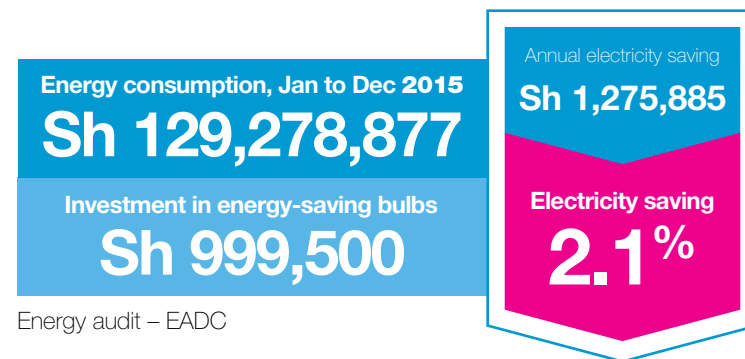
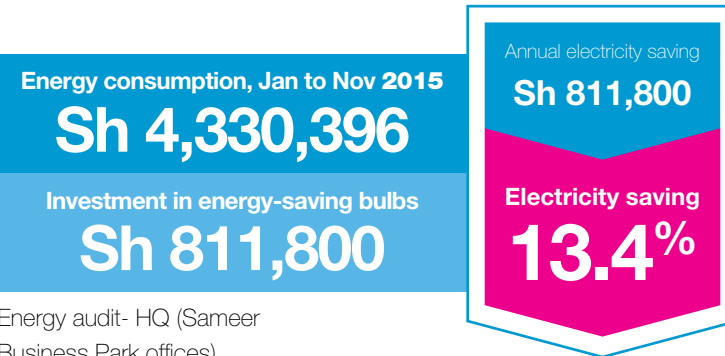
Liquid Telecom Kenya abides by the International Labour Organization (ILO) code of practice on HIV/AIDS and the World of Work which recognizes HIV/AIDS as a workplace issue. The policy states that any employee with HIV/AIDS is treated equally with any other individual with any medical condition. It prohibits any discrimination or victimisation.

# Managing environmental impact

## HQ and EADC energy audits

Liquid Telecom Kenya undertook energy audits in early 2016 at its headquarters and at the East Africa Data Centre, both of which are located on Mombasa Road, Nairobi.

Following from the energy audits, it implemented changes that resulted in an immediate 2.8 per cent reduction in the company's electricity consumption, through the replacement of all light bulbs with energy saving bulbs.



Liquid Telecom Kenya lays cable 1.2 meters deep

## Fuel use initiative

During the final quarter of 2015 and 2016, the company launched a fuel use initiative, which cut its diesel use by 35 per cent in just 12 months.

The initiative spanned:

- The introduction of solar panels at Internet nodes countrywide
- The setup of video conferencing facilities, using Starleaf, to cut down on travel to meetings and the concomitant environmental costs
- The roll-out of a car pooling system
- The replacement of generators at the company's highway sites and substations
- The introduction of voltage regulators on generators to reduce diesel use
- A partnership with Kenya Power to build a power substation for the East Africa Data Centre, thereby cutting diesel usage

## Car pooling

Liquid Telecom Kenya reduced the use of vehicles and introduced a carpooling system in July 2016, with the fleet manager booking staff going in the same direction into single vehicles, reducing the use of fuel and carbon emissions.

As a result of this initiative, and despite the company's operational growth, there are no more vehicles being added to the existing fleet of 63 units.

The company further invested in a telematics system that monitors vehicle mileage and enables scheduling of timely services and maintenance, further reducing environmental pollution through emissions.

The company also uses 21 hired vehicles with engine capacities of 2000cc to 1500cc. It is now leasing new vehicles to replace these hired units with 1500cc, low fuel consumption, low emission, but high performance VTI models.

## Power Sourcing

Liquid Telecom Kenya runs 15 generators to ensure continuous power, two at the East Africa Data Centre, and the rest at its base stations and highway sites.

In 2015, the company was running a mixture of models, including Lister Petter, Perkins, John Deere, Cummins and SDMO generators. The company has since invested in low consumption Caterpillar generators that are low noise attenuated. The generators also now have a telematics system to track the running hours for effective servicing and maintenance.

Voltage stabilizers have also been installed at four sites: this will ensure that the generators only start when there is power failure. Previously, the generators would start off when there was a surge, but the VTS

regulates the voltage into a stable current, saving diesel that would be used during the power surge.

Liquid Telecom Kenya also partnered with Kenya Power to launch a substation in 2016 for the East Africa Data Centre. Before the launch of the dedicated substation, EADC was using Kenya Power electricity for 85 per cent of the time, and diesel-fuelled back-up generators for the other 15 per cent of the time, during national grid power outages. The new substation means East Africa's largest and most sophisticated data centre, based in Nairobi, is now on mains electricity 97 per cent of the time, substantially cutting its diesel consumption, and raising its green credentials, by virtue on the high proportion of Kenya Power energy that is derived from sustainable sources.

## Resource Initiatives in 2016

### Disposal of e-waste

Liquid Telecom Kenya partnered with Sinomet Kenya Limited in 2016 on the disposal of e-waste, including cables and technically obsolete and faulty equipment, and gained certification for disposing of e-waste in an environment friendly manner.

### Printing and paper

The use of papers has reduced drastically with all approvals done online to avoid wastage of papers, and social media and electronic networks encouraged in communication.

### Cable laying

Most Internet Service Providers coat fibre cables with anti-rodent chemicals that kill any attacking rodents. Liquid Telecom Kenya has instead deployed armoured cable that is proof to gnawing by rodents, leaving fibre and rodents to co-exist.

The company also ensures that cables are dug deeper than the norm, at a minimum depth of 1.2 meters, and well buried, in order to avoid causing environmental and operational challenges in areas where Liquid Telecom Kenya cables pass.

### Water

Liquid Telecom Kenya has five office locations at the Sameer Business Park (the HQ), EADC, Warehouse,

Kisumu and Mombasa offices, all using water. It has taken the following initiatives to optimise water usage:

- a) Installed timed taps in all washrooms that automatically disconnect water after use
- b) Fitted toilets with modern basins that use little water for splashing
- c) Adopted vacuum cleaning of EADC's 1st and 2nd floors, to reduce water usage in cleaning

### Solar installations

Liquid Telecom Kenya carried out two solar initiatives:

- a) Solar panel set up at Sameer Dish Farm, to help in powering the VSAT dishes located at Sameer Business Park. The power generated from the panels is blended with KPLC power to power the dish farm.
- b) The Garissa Solar Project along the 200km fiber network Garissa to Liboi section, developed by Liquid Telecom Kenya in 2014. Two hubs were identified for solar powering under the Fuel initiative, being Dadaab and Liboi. The solar panels were procured and all other accessories, with the solar panel installation scheduled for January 2017. The installation is expected to improve power stability for the two sites.



# Corporate social responsibility

## International Coastal Cleanup- September 2016

Liquid Telecom Kenya took part in the global beach cleaning initiative as participants, with some of LTK's staff attending as volunteers, and as sponsors. The cleanup removed an estimated 14,000 kg of plastic and other non-biodegradable waste along the Kenyan coast, including at Kiunga, Watamu, Kilifi, Takaungu, Vipingo, Kuruwitu, Mombasa, Diani, Wasini, Mkwiro and Msambweni beach towns, in an effort to reduce the amount of plastic waste dumped into the ocean and to highlight the impact plastic is having locally and globally.



## Women for Cancer Golf

Liquid Telecom Kenya has for the last three years sponsored the Annual Charity Golf day, last year contributing Sh300,000 towards sensitizing the public on the benefits of early detection and early treatment of cancer, especially of cervical cancer, which is the current core focus for the Women4Cancer Early Detection & Treatment Program (W4C).

## Information Enabler Programme

Liquid Telecom Kenya launched a two-year social entrepreneurship programme at the end of 2015 recognizing and supporting local digital entrepreneurs who are providing online, local African content. The programme comes as part of Liquid Telecom's commitment to the expansion of local content, which tends to be more relevant and more instrumental to the company's vision of achieving accelerated development through increased Internet access than foreign content. The company now supplies free Internet under this programme to Healthadvisor, Fountain TV, Boresha, Tezi Radio, Soka Holdings, Techrends.ke, Soni Side Up, Cynosure, Techmoran, and Buy Rent Kenya. It is now developing a mentorship programme to run in 2017 aiding these social entrepreneurs in achieving further business sustainability.

## Nairobi Garage

Nairobi Garage is Africa's largest co-working space, providing two fully serviced, co-working offices for startups, techies and entrepreneurs on Ngong Road and in Westlands. Liquid Telecom Kenya is now providing free, fast and reliable Internet to over 100 SMEs working at Nairobi garage.

## First Lady's Marathon - March 2016

Spearheaded by Kenya's First Lady, Her Excellency Margaret Kenyatta, the marathon was launched in 2014 in an effort to raise funds toward the Beyond Zero campaign to reduce maternal and child mortality. The goal was to provide 47 fully-kitted mobile clinics for each of the counties. In March 2016, Liquid Telecom Kenya staff participated in the marathon, while the company contributed corporate sponsorship of Ksh500,000.



## Sports sponsorship – deploying technology in Kenyan rallying

Liquid Telecom Kenya has delivered an innovative sponsorship concept to Kenyan motor sports, built around deploying its own technological strengths to reposition the sport permanently on the national and international stage.

The company has been among the official sponsors of the 2015 and 2016 Kenya National Rally Championship (KNRC), first entering the rally series with the sponsorship of rally legend Ian Duncan. Duncan's sponsorship package included the set up of live, in-car Go-Pro footage from each rally, as well as behind the scenes footage. This has given rally enthusiasts access to unique rally content, and allowed audiences to experience the rallies from inside Duncan's Mitsubishi Lancer Evo X, which was also provided by Liquid Telecom Kenya. The footage is uploaded online on the Liquid Telecom Motorsport Kenya YouTube channel and Ian Duncan's website (www.ianduncanrallying.com) via Liquid Telecom's very small aperture link (VSAT) uplink technology, at the end of each competitive section.

Liquid Telecom Kenya later moved to additionally sponsoring the all-female team, Rally Chix, led by Natasha Tundo and Chantal Young, throughout the 2016 KNRC season, through its retail brand Hai, which provides Internet connectivity to homes and small businesses.

The company has also developed new technological strands to revolutionise Kenyan motorsport by raising time-keeping and rally monitoring to the international standards set by the International Motorsport Federation (FIA). To this end, Liquid Telecom Kenya procured state-of-the-art World Rally Championship standard timing equipment from TAG Heuer, fitting all participating cars with the equipment to beam continuous signals from their existing transponders to TAG Heuer receivers that upload the data to the Rally HQ via satellite. The technology delivers constant records of the whereabouts of every competitor, and internationally recognized timing.

Liquid Telecom Kenya now supplies the critical communication links between stages and rally headquarters, and connectivity at all the rallying events through the provision of free Wi-Fi via its national fibre, its VSAT services in remote areas, and dedicated Wi-Fi networks that it has set up for each event. Liquid Telecom Kenya has also provided Wi-Fi and web hosting services to the Kenya Motor Sports Federation (KMSF).

Most recently, Liquid Telecom Kenya has provided further live rally footage using low flight drones, and partnered with its sister company Kwese Free Sports TV Econet Media's Television channel, to deliver the first live TV coverage of Kenyan rallies.



The technology delivers constant records of the whereabouts of every competitor, and internationally recognized timing.



# Systems and policies

As an Internet and technology company, Liquid Telecom Kenya has a range of policies that govern its operations, as well as systems and processes that define its methodology in effecting business and in managing its operations.

## Employee Code of Conduct

The Employee Code of Conduct, which is laid out in the Employee Manual, provides employees with direction for everyday business practices and behaviour. The code is based on guidelines and rules set forth in resolutions of the Board of Directors.

In the event that there is a violation of Liquid Telecom Kenya's Employee Code of Conduct, it is investigated and reviewed by the appropriate managers to ensure that Liquid Telecom Kenya's commitment to honest and transparent business procedures is upheld.

## Disciplinary procedure and actions

Disciplinary action may be taken where expected standards of performance or behavior are not met. The company's Executive Committee appoints a Disciplinary Committee to investigate the case.

The Disciplinary Committee compiles all the facts in a case and then hands over its findings to the Executive Committee who make a final decision.

Cases involving any head of department or senior management are handled by the Liquid Telecom Group and its Board of Directors.

Depending on the gravity of the case, the company may take one or more of the following actions:

- Warnings in writing
- Recovery of days of absence from salary
- Surcharge
- Suspension
- Demotion
- Termination of employment
- Summary dismissal
- Criminal proceedings

The employee has the right to appeal through the established machinery.

## Procurement Policy

The Procurement Policy is in place to ensure Liquid Telecom Kenya obtains quality goods and services for the best value. It ensures that high standards of professionalism, transparency and accountability are achieved while maximising efficiency, effectiveness and flexibility, by placing procurement within the boundaries of a defined system of checks and balances.

It outlines the professional code of ethics, procurement threshold, and pricing criteria, as well as methodology for the evaluation, selection and monitoring processes. The policy further lays out internal control to ensure all procurement activities of the company are authorised by the delegated authorities, according to approved business requirements and budgets, within a documented procurement framework.

Before vendor approvals, a vendor is further required to provide all the necessary pre-qualification documentation, as well as a conflict of Interest forms that gives the vendor the opportunity to disclose any relationship they may have with any of the employees of Liquid Telecom Kenya, or any ownership interest in Liquid Telecom Kenya.

## ICT policies

The ICT department has a number of policies designed to protect Liquid's employees, partners and the company from illegal or damaging actions. These policies include:

1. Acceptable Use
2. Acquisition Assessment
3. Classification
4. Data Retention
5. Email
6. Extranet Connection
7. Incident Response
8. Information Security
9. Patch Management
10. Remote Access
11. Risk Assessment
12. Virtual Private Network
13. Virus protection
14. Wireless Communication
15. Wireless Communication Standards

“If we tackle corruption, no child would sleep hungry, there would be no injustice, every child would be in school. The most powerful force against corruption is one person saying “no”.”

Strive Masiyawa

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