

2018 SUSTAINABILITY REPORT

ADRIAN KENYA LIMITED

1



OUR SHARED
VALUE

2



OUR PEOPLE

3



OUR SOCIETY

4



OUR COMMUNITIES

5



OUR ENVIRONMENT

PEOPLE



350
Total number of employees.



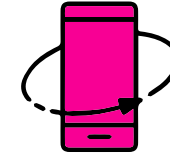
400+
Monthly number of Casuals.



TRAINING
Top management level training under Stanford Seed Program.



0
Work related accidents/fatalities.



DIGITIZATION
Human Resource Office process digitization in a bid to ease the process.

BUSINESS



OPERATIONS
Realignment of operations to 3 divisions; Fiber, Managed Services & Construction.



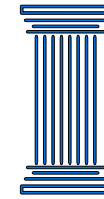
1.9B Ksh
Revenue achieved, this was 100m ksh short of our 2 Billion ksh target.



STRUCTURE
Management re-structure to accommodate new divisions and positions.



SOUTH AFRICA
Establishment of South African branch and commencement of operations in the region



3 PILLARS
2019 pillars identified I.E. continued innovation, putting customer first & speed in execution.

COMMUNITY



EQUITY
Deliberate efforts to empower women in management, staff and business (partners).



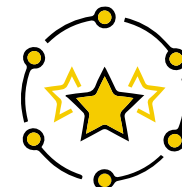
SGDs
Narrowing down on SDGs of focus and allocation to divisions and departments.



SOCCER
Creation of soccer employee team under the Adrian name.



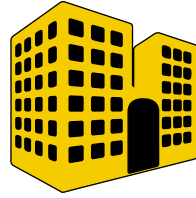
UNGC
Signed to the UN Global Compact that monitors Sustainable Growth.



AWARDS
Inaugural company award event that recognizes employees efforts in different areas.



1ST
End of year
Annual Dinner



CONSTRUCTION
Commencement of construction
of Adrian Group Centre
5 story building



18
Trainings conducted,
7 soft skills & 11 Technical.



TECH AMBS
1st class of Adrian
'Tech Ambassadors' training
& graduation.



100%
Staff healthcare
coverage.



4.5B
Revenue target identified
and trickled down
to all levels



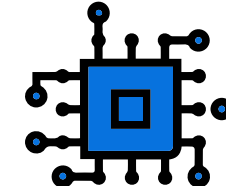
ACCOUNT MANAGERS
Establishment of Account/Sales
managers reporting directly to
the MD's office



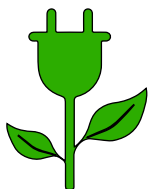
BOARD
Transition from Advisory
Board of Directors to
a Board of Directors.



FINANCING
2019 financing acquired
to conduct all
business operations.



ICT
Department launch and
beginning of operations.



GOING GREEN
Signed to the UN Global
Compact that monitors
Sustainable Growth.



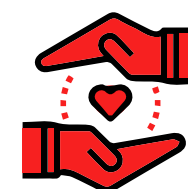
SUPPORT
Continued support of
Makimei Children's
home.



PAPERLESS
Reduced paper consumption
by digitization
of processes and systems



RUGBY
Participation & Sponsorship of
charity rugby 5 aside
tournament 'Rugby4Good'



10+
CSR activities ie. Charity
marathons Community
donations, clean-ups etc.

PEOPLE

BUSINESS

COMMUNITY

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Society  05	Regulators  05	Customers  05	Employees  05	



INTRODUCTION

1. Message from the Managing Director
2. The Adrian Journey today



In 2016, Adrian Kenya embarked on 3.0 STRATEGY of the Excellent Sustainability Corporation Plan, covering the five-year period through 2020. The basic policy of this phase is “embracing the challenge of new growth through a Grand Strategic Transformation.”



Change is Evolution, Transformation is Progress

In 2017, which marked the 10th anniversary of Adrian Kenya’s founding, we fortified and grew our four core businesses of “**Construction Services**”, “**Fiber Solutions**”, “**Managed Services**” and “**Training**” while reinforcing our existing business domains of Telecommunication, Power, and ICT. As a result, we reported increases in both net sales and operating profit for the first time in four years.

Furthermore, with an increase in net sales to more than **1.5B Billion (U.S.\$150 Million*)**, we have laid the foundation for the grand strategic transformation that will lead Adrian Kenya into a new era with a strong foundation of advanced & inspired technology we have cultivated over the years, and the companies we have welcomed into the Adrian Kenya, it is our mission to realize a new age for Adrian Kenya—building a sustainable enterprise by anticipating and embracing change.

Even as remarkable advances in digitization have transformed our society and the structure of telecom & power industry in recent years, many of the challenges confronting our world today remain unresolved in such areas as energy and the environment, water scarcity, rapid urbanization, insufficient infrastructure, and security issues. In the light of the accelerating global drive to ensure the sustainability of our society, private companies will need to play an increasingly important role. Adrian Kenya, as a company with operations worldwide, surely has a responsibility to contribute and support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption



Adrian Kenya's Corporate Credo is to contribute to society through the development of superior, innovative, original technology and products. This has remained at the heart of our operations since our founding and informs our current Adrian Kenya Identity, which is to become a company that **"delivers innovations that answer society's challenges."**

Our management strategy seeks to offer innovative technology solutions and products in our Social Innovation Business by combining various digital technologies and to create economic, social, and environmental value. We also strive to enhance the robustness of our operations and to reduce their negative social and environmental impact.

In fiscal 2016, the Executive Sustainability Committee, which I chair, examined the opportunities and risks presented by the **17 Sustainable Development Goals (SDGs)**, a task that enabled us to better understand the contributions our business activities are making to the achievement of each goal. Given the broad range of businesses in which we are engaged, I believe that we are uniquely positioned to make wide-ranging contributions to the achievement of the SDGs.

Of these social challenges, **Goal 13** which calls for urgent action to combat climate change - is a particularly important management issue for us. For our customers and society, we will strive to create more energy-efficient, value-laden solutions to further reduce CO2 emissions throughout the value chain of products and services that are "Green".

A key component of advancing sustainable management is raising awareness of each and every employee. In April 2018, therefore, we revised the Adrian Kenya Business Codes of Conduct that provides guidelines for the decisions to be made and action to be taken by both management and employees so they may better contribute to the achievement of the SDGs and the resolution of issues faced by global society.

Adrian Kenya will continue to work toward a sustainable society in which all people can live in safety, security, and comfort by pursuing management in conformity with the ESG criteria for the "Environmental," "Social," and "Governance" and by advancing collaborative creation with our customers, society, and business partners.

Benard W. Njoroge
Adrian Kenya Managing Director

2006

Mr. Benard Njoroge commences operations in logistics under a sole proprietorship name BenAfrica International



2009

Licensed by Communications authority of Kenya for telecommunications works
Begins works in the telecoms sector as a sub-contractor on Safaricom telecom tower sites



2011

Awarded ISO 9001 and 14001 compliance certifications and approved as Tier 4 contractor by Safaricom
Mandated to construct 60 telecom tower sites during the year



2010

Enlisted by Airtel Networks as a GSM contractor and solutions provider.
Re-organisation and expansion of Adrian to encompass project management and environmental policies in operations



2013

Adrian Kenya Ltd incorporated & all procurement, construction, & installation operations consolidated under it Elevated to Tier 2 Contractor by Safaricom.



2015



Mandated to construct 85 telecom tower sites
Award Safaricom contract for city metro fibre deployment FY 2015 revenues of KES 602M 16.1% on FY 2014; FY 2015 EBITDA of KES 79.0M

2018



Elevated to Tier 1 Contractor by Safaricom 2 further contracts from Safaricom 2018 revenues of KES 1.9B

2017



Renews 4 pre-existing Safaricom contracts and wins 3 new contracts, including for: Management of 1,396 out of Safaricom's 4,6774 telecom tower portfolio, Telecom tower construction & site power supply, FTTx network deployments Received ERC and NCA certification of technicians

2014



Mandated to construct 85 telecom tower sites by Safaricom Awarded a contract for deployment and support of internet connect on fixed data technology (WiMax)

2016

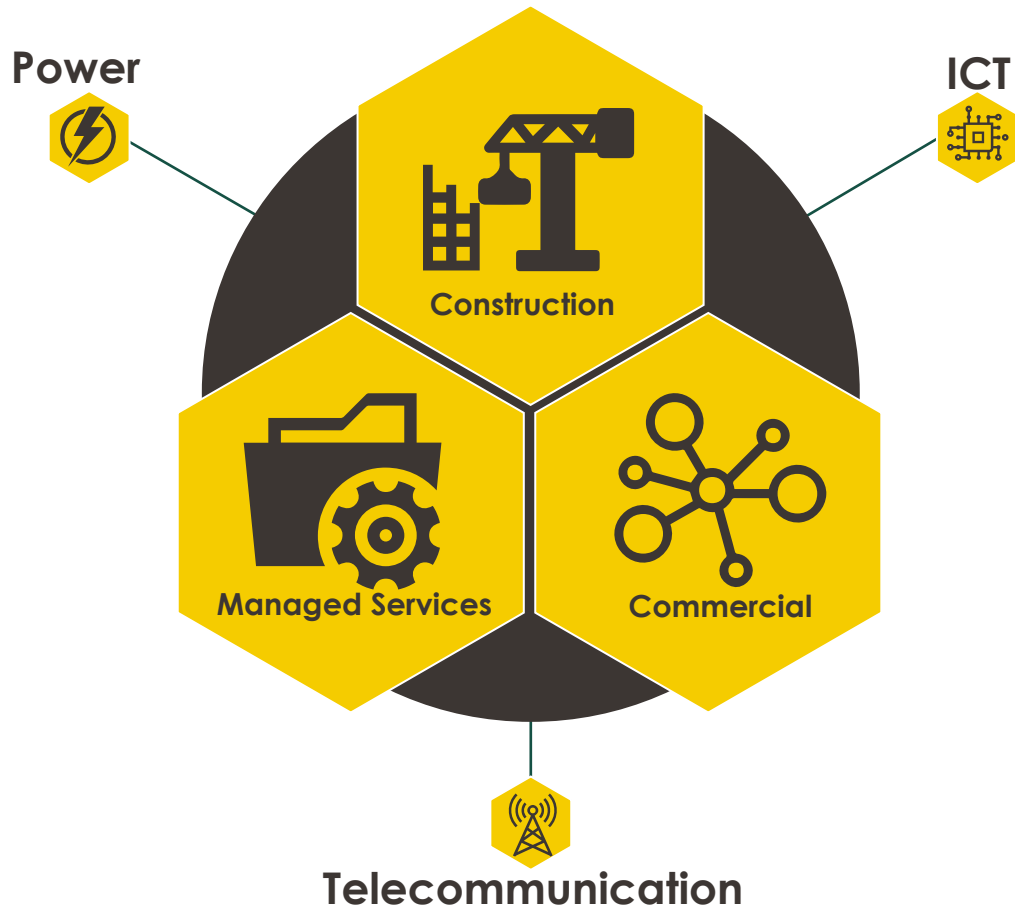


Received NCA certifications for building, electrical and mechanical works and ERC3 certifications for solar solutions Appointed formal contractor to Kenya's Rural Electrification Authority.



2. OUR BUSINESS OPERATIONS & SUSTAINABILITY.

- 2.1. Our Business Operations
- 2.2. Our Sustainable Business Strategy
- 2.3. Global Mega-Trends
- 2.4. What the SDGs mean to us
- 2.5. CSR Management



Who we are:

Adrian Kenya Limited [Adrian Kenya] is a leading build, operate, and manage EPC turnkey solutions provider of innovative technologies in the telecommunication, power and energy, and information & communication technology sectors in the Eastern Africa Region.

What we do:

We provide construction services, fiber solutions, and managed services across our business sectors to our valued clientele employing different strategies of delivery as direct, project, managed, and build & lease with a focus on long-term partnership so as to deliver intended business results.





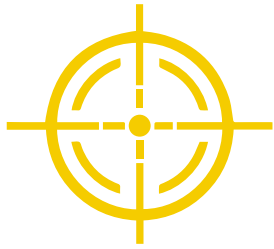
Since establishment in 2006, today Adrian Kenya boasts multi-million dollar client contracts and long-term relationships with blue-chip telecom operators and utility providers. Adrian has been profitable since 2010 (The Adrian Journey), and has seen its revenues double in the past two years. In line with Adrian 3.0 Strategy: Our revenue target of KES 2B in 2018 was missed by 10%, and we project KES 4B in 2019, KES 5B in 2020, and KES 6B in 2021.



We pride ourselves as a Society facing entity with over 300 permanent local employees who have worked together for more than 5 years and have defined learning and development programs, career paths for each as long-term assets to participate in our business ecosystem effectively and efficiently with a socio-economic impact.



Adrian Kenya is continuously fast-paced with ever changing technological environment providing graduate programs, creating jobs, training services, & we endeavour to develop & deliver society facing solutions as a long term partner to our customers & other key stake holders. Our CSR programs aim to give back & lend a hand to our Society. We strive to align ourselves to the Global Sustainable development goals, be an Equal Employer, uphold gender balance, & empower women in our workplaces.



Vision

To be the leader in provision of service excellence in technology driven solutions.



Mission

A gateway to innovative technologies.

ADRIAN

Accountability

We are champions of our company and we do that we say we shall do.

We act with openness, integrity and trust.

Drive

We are relentless in our pursuit of success and we approach each day with energy, passion & persistence to exceed expectations

Responsibility

We are responsible for achieving our objectives.

Innovativeness

We do things differently each day for better results.

Assertiveness

We are self-assured and firm in decision making

Networking

We are one company across all functions and geographies working towards a common goal through cooperation and team work

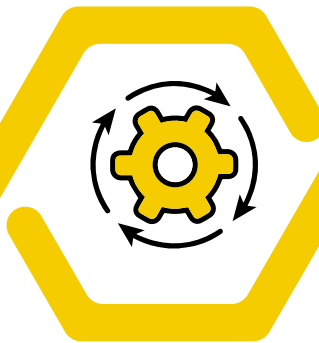


Since 2016, the Adrian Kenya has endeavoured to promote medium- to long-term growth through the “Excellent 3.0 Corporation Strategy Plan” a growth strategy based on the social and industrial shifts seen in recent years. At the same time, Adrian Kenya has identified material CSR topics that the Company has been addressing for some time in line with its business strategy. As illustrated in the diagram below, “Responding to people and society as a good corporate citizen” is already a fundamental element of Adrian Kenya’s corporate philosophy of Inspired by Technology. The Company also endeavours to help resolve social issues affecting global society by advancing the following topics: “Creating new value and solving social issues” and “Protecting and conserving the global environment.”

Re-instill the Adrian Kenya Spirit & Philosophy as a foundation for new growth.

Restructure Divisional sales networks of Construction services, Fiber Solutions, and Managed.

Establish new business systems to achieve 30% increase in Revenue annually.



Reinforce/expand new businesses while creating future businesses.

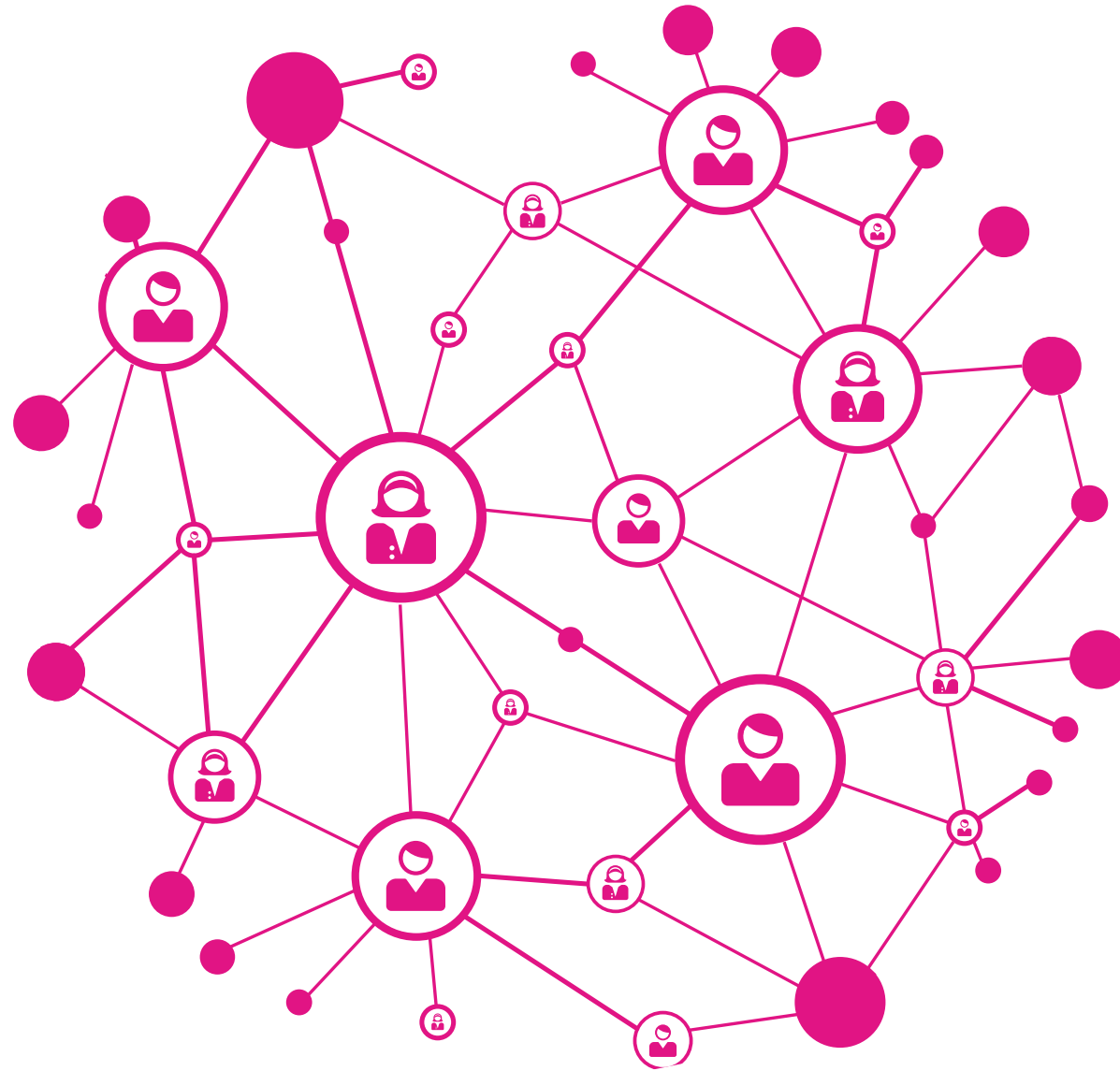
Create globally dynamic management structure based sustainable business growth

Mega-trends encompassing significant social, economic, political, environmental, and technological changes have an impact on the Business and the Society as a whole, and will continue to do so for decades to come.

Of the key mega-trends presenting major challenges to government, industry, and civil society over the coming years, four are particularly relevant to Adrian Kenya's Business with our Clients, and the Society which include



The above mega-trends interact with each other creating complex implications for the Adrian Kenya business, the customers, the society and the environment in terms of Opportunities and Threats. Future needs in telecommunication and power solutions will call to Adrian Kenya to be aware of the ALL the mega-trends, pre-qualify them, and prioritize for intermittent actions as a going concern to achieve SDGs,





4 QUALITY EDUCATION



**IN LINE WITH SDG 4
[QUALITY EDUCATION]**

Adrian Kenya has in place a learning, development, and training program for internal, joining employees, and external market. The programs are geared towards continuous learning for a better workforce.

7



Soft Skills Training

11



Technical Skills Training

5



Energy Regulatory Commission

60



Safety at work training

120

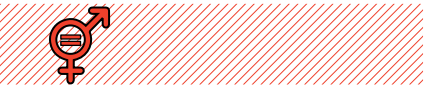


First Aid and Fire Safety Training`

20



National Construction Authority



IN LINE WITH SDG 5 [GENDER EQUALITY]

Currently Adrian Kenya has more than 30% as women in its workforce and it is driving the agenda of empowering more women through various programs in the HR Department which EEO program, Two-Third Gender Rule initiative, and Women Empowerment.



30%
of workforce is female



50%
of management level staff is female



Women Empowerment.



EEO Program.



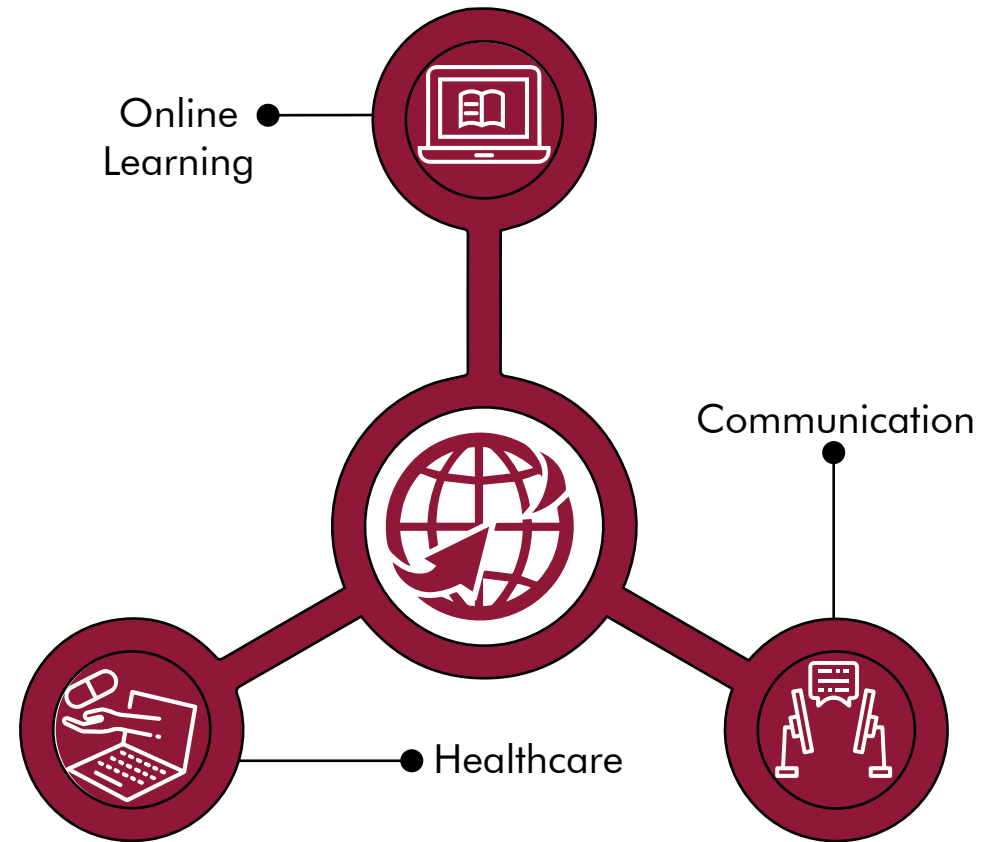
Two-Third Gender Rule.

8 DECENT WORK AND ECONOMIC GROWTH



IN LINE WITH SDG 8
[DECENT WORK & ECONOMIC GROWTH]

Adrian Kenya has contributed to the great impact of value creation for customers, society, and the economy. We are proud to see internet connectivity giving rise to new business models at the community level and increasing penetration and access to information and vital services in health care and education like tele-consultancy, tele-prescription and online learning.



Using internet connectivity to promote Healthcare, Communication & Online Learning



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

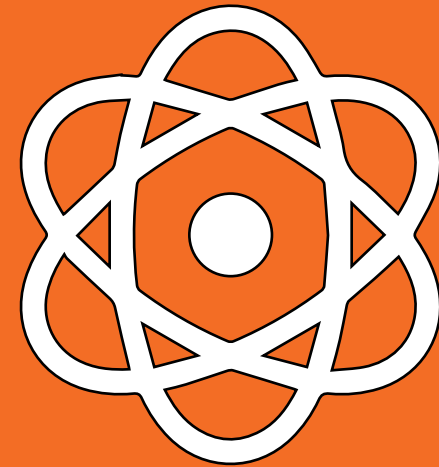


IN LINE WITH SDG 9 [INDUSTRY INNOVATION & INFRASTRUCTURE]

Adrian Kenya delivers connectivity and innovative products and services that provide unmatched solutions to meet the needs of Kenyans by enabling access.

As a way of innovation, Adrian Kenya identified a major information gap which was leading to **inefficiency in survey, support & decommissioning works.**

Adrian Kenya undertook the process of developing a Geo-Database by GIS mapping of all clients in Mt. Kenya to bridge this information gap. We populate client information to comprise technology deployed, client name & contacts, IP address, circuit ID, physical location, associated BTS, Router type and Management IP. On the BTS side, we have populated, name of BTS, Coordinates and site ID.





10 REDUCED INEQUALITIES

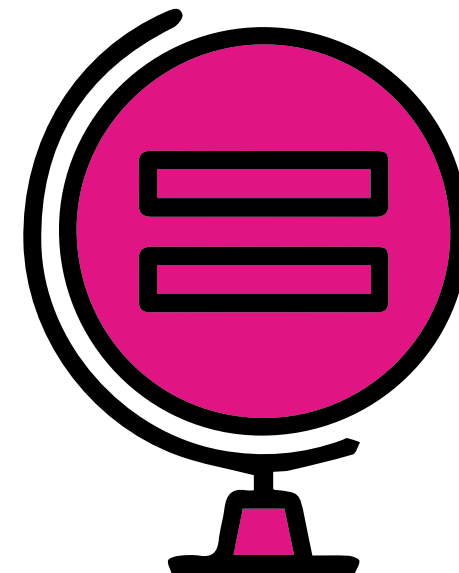


IN LINE WITH SDG 9 [INDUSTRY INNOVATION & INFRASTRUCTURE]

In reducing inequality, Adrian Kenya has deployed connectivity to 1600 clients specifically in the most remote areas of Kenya where citizens were largely disenfranchised by lack of access to Internet connectivity.

While Security has been a major hindrance to provision of connectivity to these remote areas in Northern Kenya,

Adrian Kenya has adopted the use of Team Viewer to help log in and troubleshoot client network remotely thus making insecurity a non-stopper in the quest to keep our clients connected.



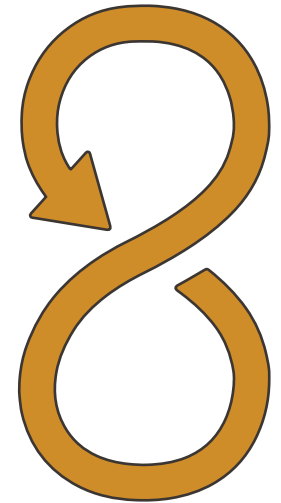


12 RESPONSIBLE CONSUMPTION AND PRODUCTION



IN LINE WITH SDG 12
[RESPONSIBLE CONSUMPTION & PRODUCTION]

Adrian Kenya makes use of skilled and legally qualified personnel to implement all projects. Our staffs are well motivated and remunerated to ensure they enjoy good living standards. Likewise, we use of certified and recommended raw materials in our production. Similarly, Adrian Kenya is keen on waste management; we recycle all our waste by disposing to 3rd party licensed recycling companies.



17 PARTNERSHIPS FOR THE GOALS



IN LINE WITH SDG 12 [RESPONSIBLE CONSUMPTION & PRODUCTION]

Adrian has been a Legendary Partner to Safaricom by provision of quality, professionalism and customer experience in timely and safe manner. We accomplished this through use of clean energy as envisaged in **SDG 7, ** Adrian Kenya has in the fore front as the only supplier & installer of solar powered systems to Safaricom remote sites. We have deployed over 266 sites; Turnkey solar sites [124] and Solar compatible service racks [142]

 **266**
BTS SITES



142 Solar Compatible service Racks



124 Turnkey solar sites



Adrian Kenya's Supply Chain and the Fulfilment of its Social Responsibility

In recent years, the environment, human rights, & labour issues have been topics of increasing attention, & various stakeholders are calling into question the scope of our social responsibility initiatives across our supply chain. According to news reports, their concerns about manufacturers with respect to social responsibility likely stems from large numbers of turnkey EPC contractors in such industries as telecommunication, power & energy, and ICT outsourcing their non core business functions, assembly of products, and manufacturing operations to outside Firms including ODMs & OEMs. Hence, the social responsibility expected of turnkey EPC Contractor has expanded in scope to encompass large, medium & small size suppliers that provide parts and materials to projects.

Adrian Kenya places great importance on EPC projects, engaging in design, product assembly as well as the production of certain components, parts, and materials at its own plants, and or factories.

Adrian Kenya directly and indirectly employ and administer considerable numbers of employees. Adrian Kenya conduct business while adhering policies and procedures regarding such matters as human rights, labour, the environment, legal compliance, procurement and security, including the "Adrian Kenya CSR Basic Statement," the "Adrian Kenya Code of Conduct" & the "Adrian Kenya Environmental Charter." When necessary, HR & Admin Division, Operations Division & Auditing office at Adrian Kenya verify the situation of the Company Business as a whole, be they in Kenya or East Africa Region, from the standpoints of internal controls and risk management.

The Adrian Kenya offices, fabrication plants, and operations teams are engaged in partnerships with several thousand suppliers unaffiliated with the Adrian Kenya, from whom they purchase considerable numbers of such components as electronic parts, mechanical parts, units

Procurement division at Adrian Kenya Office periodically review and evaluate the social responsibility of these suppliers.

In particular, Adrian Kenya may choose to terminate business with suppliers if they fail to abide by laws and ordinances covering such areas as human rights and labour. In 2018, Adrian Kenya established the "Adrian Kenya Supplier CSR Guidelines" in order to clarify the social responsibility standards suppliers must adhere to. Adrian Kenya also requires that these Division urge their own upstream suppliers to do the same. Among aspects of social responsibility, child labour, and forced labour in particular are areas of growing concern. Within the scope of our 2017 survey of Adrian Kenya and suppliers, no problems were found with respect to child labour or forced labour.

In accordance with our corporate philosophy of Inspired by Technology —living and working together for the common good - Adrian Kenya makes sincere efforts to engage with the social responsibilities that

come with operating a business and to disclose any relevant information. relevant information. This basic statement reiterates our stance regarding the fundamental & universal corporate social responsibilities

that the Company must fulfil in order to ensure Adrian Kenya solutions, products, & services can be used with peace of mind & maintain reliability of Adrian Kenya.




Provide safe and secure products and services.	Comply with the laws and regulations of Kenya and East Africa region, and conduct fair and honest business activities.	Practice fair and free competition, and ensure transparency in business transactions	Contribute to realizing a society that promotes both enriched lifestyles and the global environment	Minimize environmental burden through initiatives aimed at conserving energy, conserving resources, eliminating hazardous substances, and preserving biodiversity.	Ensure thoroughness in managing information, prevent information leaks, and protect personal information
Respect fundamental human rights & prohibit discrimination based on such factors as race, nationality, gender, religion and creed	Disclose relevant & accurate corporate information in law	Avoid complicity in armed insurgencies & anti-social forces	Prevent corruption in all its forms including bribery	Ensure thoroughness in security trade control	Prevent infringements of intellectual property rights of others
Promote diversity and Inclusion	Prohibit child labour & forced labour (incl. human trafficking)	Promote sincere dialogue between employees & managers in accordance with the laws & regulations of each Division	Pay employees wages equal to or greater than legally mandated wages	Prevent excessive overtime work & grant leave & holidays	Request that business partners take steps to address basic social responsibility for such issues as the environment, human rights, labour & compliance within their supply chain, & confirm in writing the implementation of said steps.
Ensure occupational health and safety, and prevent injuries			Prevent excessive overtime work & grant leave & holidays		



3. OUR MATERIAL TOPICS.

- 3.1. Business Ethics, Governance, Risk & Regulation
- 3.2. Environment
- 3.3. Health & Safety
- 3.4. Human Rights and Labour
- 3.5. Community Involvement & Development

At Adrian Kenya, we consider sound corporate governance, ethical behaviour, robust risk management and regulatory compliance to be fundamental to our business sustainability. If the business is not run in an ethical, transparent and accountable manner, it is likely to be impacted by legal and reputational risks, as well as being disadvantaged as a result of eroded employee, society, and business partners' trust and confidence, which quickly translates into lost opportunities and diminished success.

As part of our ongoing commitment to the SDGs, we continued to align our efforts regarding ethics, governance, risk and regulation with five of the goals that represent areas over which we are able to achieve significant impact in our own business and amongst our stakeholders: promoting ethical business practices and fighting corruption in all its forms within Adrian Kenya  and within the wider business community  pledging to create a non-hostile and secure workplace  within which

all employees are treated equally (SDG10); and striving to provide universal access to high quality information and communications technology for Kenyan people through our network (SDG9) as part of our work with our Mobile Network Operators.



Regulation:

Monitoring and responding to all regulations (Local & International).



Compliance:

Ensuring compliance to all regulations, policies and procedures (Internal & External).



Economy:

Impact of slow economic growth on the business)



Market disruptions:

Technological changes/ Innovations, in particular).



Security & Safety:

Physical security of personnel and equipment, especially in high-risk areas.



Operations Fraud and corruption:

both internal (Adrian Kenya -related) and external (customer-related).



We ensure that Adrian Kenya is run in an ethical, transparent and accountable manner by having strong governance processes and structures in place, along with explicit guiding principles and clear lines of responsibility.

The Board of Directors of Adrian Kenya is, ultimately, responsible for corporate governance throughout the organisation and the behaviour of members is governed by an explicit Governance Charter.

Members of the board also undergo collective and individual performance assessments at least once annually. The board meets at least four times a year.



Our governance objectives are supported by our risk management framework. The Audit & Risk Committee reviews & assesses the risk management processes of Adrian Kenya & ensures adequacy of our overall environmental control.

Our risk management initiatives are led by Director of Risk Management. We apply a combination of risk assessments, audit, & fraud reviews to monitor & manage risk throughout Adrian Kenya. We benchmark ourselves against world-class EPC contractors in telecom & power sectors globally & independent assurance is given through both internal & external audit functions as a responsible corporate citizen.



Our ethics and values are the principles & standards that guide our behaviour as employees & individuals. The management Ethics Committee provides strategic direction and oversight on our ethical awareness initiatives.



We use an independent ethics perception survey and preventative measures like our continuous ethics awareness and staff anti-corruption training programmes to monitor and manage the ethical culture across all of our operations. We use our supplier Code of Conduct and the Code of Ethics for Businesses in Kenya to manage the ethical culture of our business partners. We conduct regular ethics trainings & awareness sessions with staff every year.


We ensure that we remain compliant with statutory & regulatory requirements by assessing our processes against all applicable laws and regulations. We also engage with our regulators & government agencies pro-actively on all issues through a variety of channels (please see the Stakeholders section of this report for further information about these important relationships).

Our engagement with regulatory bodies & compliance with regulatory requirements is managed by the Corporate Regulatory & Public Policy Department. delivering services of adequate quality. Accordingly, Quality of Service (QoS) measures has developed capacity to be done internally.



We continue to take our social and moral responsibility to manage our environmental impact very seriously. We recognise that environmental considerations are not separate from our core business, but have an impact on our overall commercial sustainability and success. We acknowledge the effects that our activities have on the environment, and remain committed to operating in an environmentally sound and sustainable way and to managing and reporting our environmental performance in an open and transparent manner.

As part of our ongoing commitment to the SDGs and to the environment, in particular, we are committed to maximizing our positive impact and mitigating our negative impact through the continued alignment of our efforts with three of the goals this year: promoting the use of affordable and clean energy **SDG7**  both within our network and the homes of employees; advocating for, implementing and promoting the responsible production and consumption of resources **SDG12** 

and guiding efforts towards achieving our 'net zero' carbon-emitting aspiration through the development and implementation of climate change-related strategies and policies **SDG13** 

01 **Net zero by 2050 initiatives:**
Monitoring our DG Sets & MV emissions & introducing science-based carbon reduction targets.



02 **Continued compliance:**
Compliance with regulations regarding plastics, air quality and noise levels)



03 **Waste management:**
E-waste collection initiative and internal end-to-end waste management programme)



04 **ISO 14001 certification:**
Upgrades to Environmental Management System (EMS) & successful transition to ISO 14001:2015



MANAGING EMISSIONS.

We have committed to becoming a net zero carbon-emitting company by 2040 by deploying clean & green technologies in our operations. The current scientific consensus is that global carbon emissions need to be reduced by 80% by 2040 to avoid catastrophic climate change and we are determined to play our part. Our bold pledge has focused our thinking and efforts across the entire business, from improving energy efficiencies and reducing the energy consumed across our network and facilities to deploying renewable energy solutions and exploring carbon offset projects. As part of our commitment to meeting the net zero carbon target, we continue to monitor and report our carbon footprint. We have calculated and published our carbon footprint for the seventh time this year. One of the key ways in which we monitor and manage our environmental impact is through our energy (electricity and diesel) and resource (water) consumption targets. Although our main office is run on grid & solar energy, our electricity consumption increased by 10 per cent during the year, as a result of the continued expansion of our operations, equipment, fleet, and people & the accelerated connection of national grid electricity to new offices.

Conversely, our fuel consumption decreased by 18 per cent, from 883,978 litres in FY17 to 732,788 litres in FY18.

ENERGY & WATER MANAGEMENT.

Although electricity consumption has increased, it is part of our focus on becoming more energy-efficient and environmentally friendly because solar & grid electricity are cheaper and cleaner source of power than the current alternative, namely, diesel generators. This shift in focus is also the main reason why our fuel consumption has decreased. We are pleased to be able to report that our water consumption decreased during the year. We attribute this to a campaign to raise awareness of water usage among members of staff; the installation of meters on kitchen inlet pipes to measure water usage more accurately; as we were losing around 45 per cent of the water supply during the process.

E-WASTE MANAGEMENT

We are pleased to report another year of good progress with a record 22 tonnes of e-waste collected. We opened a new e-waste collection centre at Adrian Group Centre,





Gitaru, which will serve as a collection point for the wider Kenya area, and we continued with the effective format employed in previous years of targeting larger institutions; for example, holding successful activations at the Mt. Kenya Region and several government ministries. Our partners, processes the e-waste we collect. We have also developed a communication strategy to help promote the collection programme and explain the importance of proper e-waste disposal to a wide audience across the public and private sectors, which will be rolled out next year.

Our ultimate goal is to be incident-free. We work relentlessly to eliminate the probability and/or potential for work-related incidents, emissions.

The Adrian Kenya Corporate Health, Safety & Environment Policy defines strategic objectives to minimize risks for people and the planet. Through risk assessments, mitigation initiatives and process improvements, we aim to make Adrian Kenya a safe place to work and visit.

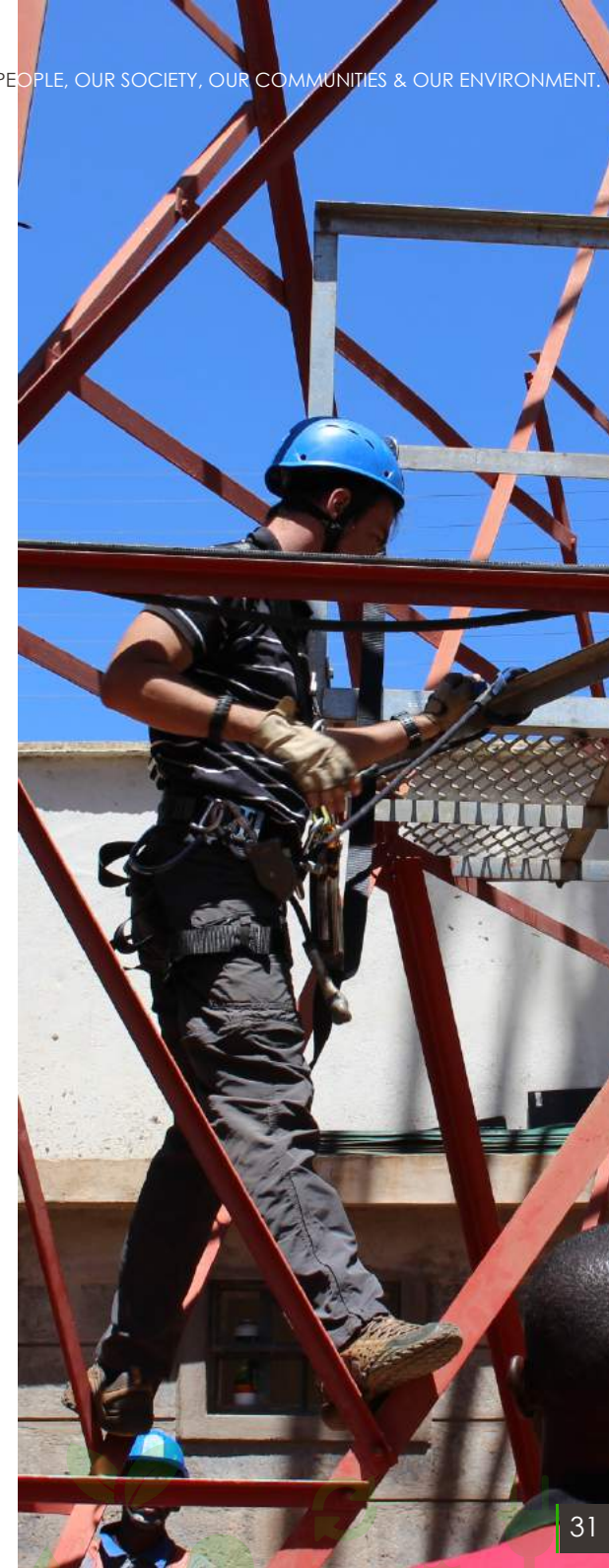
STRIVING FOR HS&E EXCELLENCE

The Adrian Kenya Corporate HS&E Policy defines strategic objectives to minimize all HS&E risks and environmental impacts inherent to the company's activities and products. This is above and beyond our basic obligation to comply with all applicable health, safety and environmental regulations. We perform root cause analyses and implement corrective and preventive actions on critical operations. Adrian Kenya telecom, power & fiber sites adhere to strict regulations (such as Working at Height, PPEs), and several sites have certified health & safety and/or environmental management systems officers (OHS and/or ISO

PERSONAL ACCOUNTABILITY AND COMMITMENT TO SAFETY

The Adrian Kenya Health, Safety and Environment Manual provides guidance for the implementation of the HS&E Policy. Adrian Kenya recognizes the need for personal initiative, professional and safe behaviour, safety awareness and respect for each other and the environment to implement the HS&E policy. QHS&E managers drive and support the change in safety culture by developing operational standards, improving working environments, raising awareness and training personnel. Management commitment to HS&E is reinforced by our Corporate HS&E and Sustainability Steering Committee (CHSSC) spearheaded by our MD. It defines Adrian Kenya strategies and policies regarding HS&E and sustainability, advises and assists the divisions with their implementation and follows up on progress.

By sharing knowledge and unifying HS&E practices, such as standardized root cause analysis, and HS&E rules company-wide, we seek to make our processes more efficient. The Steering Committee defined the following priorities for 2017 – 2018 as HS&E KPIs;





We follow a progressive maturity development model to foster a proactive safety culture, in which teams lead HS&E activities and every employee takes personal ownership of their safety and that of their colleagues. Involving all levels of the organisation to identify, report and prevent near-misses and unsafe acts and conditions helps us focus on risk reduction. Adrian Kenya HS&E reporting tool was implemented in 2016 to support alignment, improve follow-up and reporting, underpin best practices and facilitate the monitoring of changing regulations.

As our value chain expands on a global scale, we find diverse working environments, business norms, and trade practices in countries and East Africa Region, and this has highlighted the need to ensure respect for human rights in our operations. Society's awareness of human rights issues is also rising, and companies are expected to address human rights issues in accordance with such international standards as the UN

Principles on Business and Human Rights. Companies are now being asked not only to respect human rights in their own activities but also to avoid becoming complicit in the human rights infringements of their suppliers and customers. In carrying out our business, Adrian Kenya recognizes human rights as a key management issue. On the basis of this awareness, we will respect the human rights of all stakeholders, including our own employees and across the supply chain, in

every country and region where we operate. We are also engaged in raising awareness of human rights and promoting the use of grievance mechanisms to address employee concerns throughout the Adrian Kenya. At the same time, we are strengthening human rights due diligence and expanding the scope of other human-rights-related activities.



The Adrian Kenya Human Rights Policy has been formulated to create a value chain where the human rights of all stakeholders are respected. Under the leadership of top management, educational activities targeting all executives and employees are carried out on an ongoing basis to help foster an organization in which human rights infringements do not occur. Under this policy, we are also building a framework to accurately assess and mitigate human rights risks in the workplace environments of Adrian Kenya's suppliers and other stakeholders.

Employees are valued partners who play a vital role in sustaining our business.

The cornerstone of a sound & mutually beneficial relationship between employees & the company, & the motive force for sustainable growth, is to provide proper working conditions for employees and build a framework for the maximization of their potential

By complying with all work-related laws & regulations & creating a work environment that maintains & develops fair employment relations and makes full use of the abilities of its diverse human capital, Adrian Kenya aims to be a company in which all employees can engage in safe and fulfilling work.

Adrian Kenya strives to dialogue with each individual employee about their basic rights and career development. Systems are in place for employees to discuss matters with human resources at the level of the business site, & a variety of other contact points, such as a health & safety committee & labour unions, are available to employees as well. When necessary, we encourage employees to use the Compliance Reporting System, which is designed to ensure a careful & thorough response to all issues raised.

Ensuring that hiring and promotions, as well as worker assessment and compensation, are fair is not only a duty that companies must fulfil toward their employees but also

an important means of building a healthy relationship with outstanding human capital. Adrian Kenya has a human capital strategy that emphasizes the concept of “decent work” (that is, work that is humane and fulfilling). This concept has taken on increased importance globally as a standard for labour practices, with the International Labour Organization, for example, positioning the concept as an important objective of its activities. Companies are expected to ensure decent work through policies appropriate to their businesses.

Adrian Kenya’s policies toward realizing this ideal of decent work go beyond promotion of diversity and inclusion among our human capital around the world to include a variety of other initiatives reflecting the globalization of business, from worldwide implementation of fair employee evaluation systems and working conditions to ensuring that executive positions are open to employees from all regions. We will continue to promote the creation of open, fair work environments



that provide greater job satisfaction, in accordance with the business conditions and economic environment of each individual country and region.

Principles on Business and Human Rights. Companies are now being asked not only to respect human rights in their own activities but also to avoid becoming complicit in the human rights infringements of their suppliers and customers.

In carrying out our business, Adrian Kenya recognizes human rights as a key management issue. On the basis of this awareness, we will respect the human rights of all stakeholders, including our own

We are engaged in community development activities focused on the following five areas stated in our Policy on Corporate Citizenship:

01

Bridging the digital divide using Training & Research



02

Sound development of youth Adrian NextGen 13yrs + Leadership Program.



03

Environmental conservation Gitaru Annual Cleaning



04

Social and cultural support - Children's Home Support



Going forward, we will continue to fulfil our social responsibilities and contribute to society through these activities. regional business.



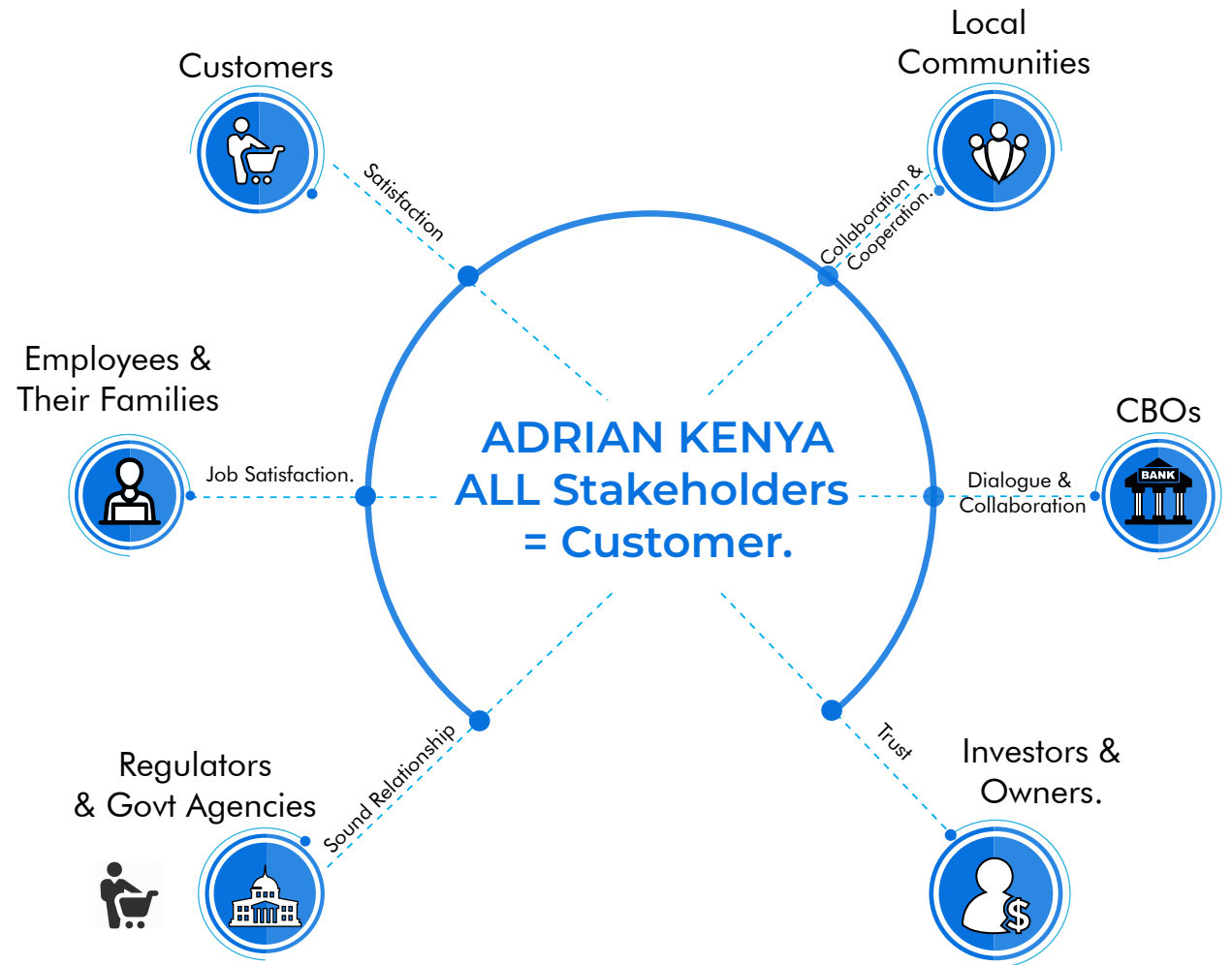


4. STAKEHOLDER ENGAGEMENT

- 4.1. Our approach
- 4.2. Society
- 4.3. Regulators
- 4.4. Customers
- 4.5. Employees

OUR STAKEHOLDERS

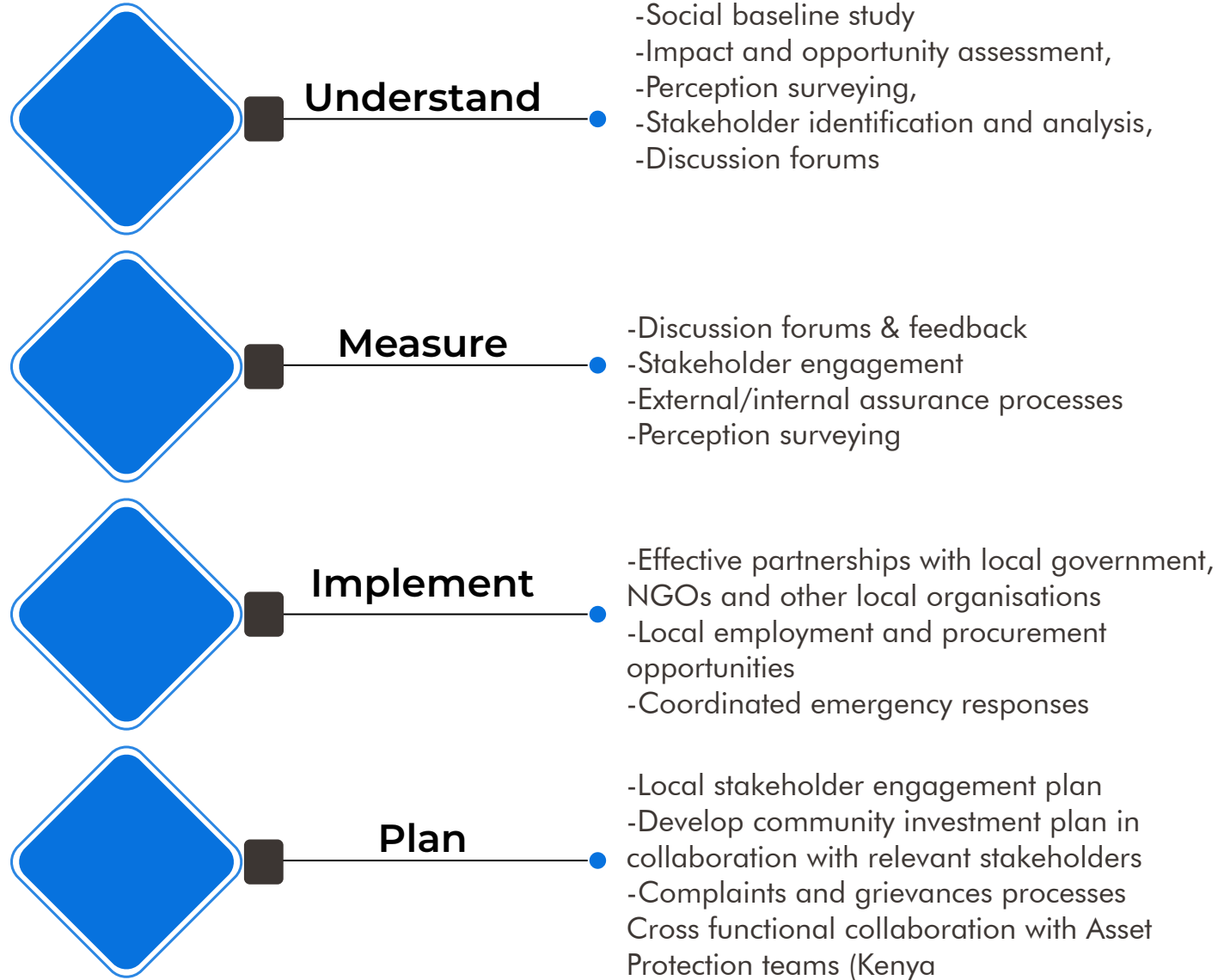
Stakeholders that influence our businesses are diverse from customers, shareholders, business partners, employees and their families and to the local communities. We at Adrian Kenya consider all stakeholders in our business operations as our “customers,” and implement various activities to offer new, satisfying experiences to each stakeholder. We also employ the GRI Sustainability Reporting Standards, & ISO 26000 and other global sustainability standards and checklist that consist of questions we receive from investors, and create and implement policies for assessing our current conditions and addressing management issues. The results of engagement efforts are not only reported and shared within the company but also reported at relevant committees and management meetings and reflected in the decision-making process. Adrian Kenya values the dialogue with all our stakeholders who support us. We will continue to build up collaboration with our stakeholders and tackle societal issues to contribute to the development of a truly connected socie-



Our purpose is to make a difference by developing, constructing, operating, and managing innovative technologies that improve people’s lives now and for generations to come. We acknowledge the importance of our social licence to operate, that it is earned and maintained on an ongoing basis and that trust in us is an outcome of the quality of our relationships with many stakeholders.

Each of our operations exist in a unique social context which has its own belief systems and communication norms. Navigating these unique and complex social systems can be challenging and requires a commitment to regular, open and honest dialogue and the ability to identify and work towards shared objectives. We work with our communities and, where possible, in partnerships with governments and local community organisations.

Our approach to working with our host communities is outlined in our internal standards, our Sustainability Policy and Code of Business Conduct. This includes our commitment to adhere to the United Nations Global Compact principles.



Regulatory bodies are the means through which the people of a nation can supervise the activities of organisations and companies. The fundamental goal of any regulator is to protect the safety and interests of the public, which typically means ensuring that there is adequate, healthy competition among providers and that the public are protected from misleading or unscrupulous business practices.

We are overseen by eight regulatory authorities and our chief regulator is the Communications Authority of Kenya (CA), which is the regulatory authority for the Information, Communications and Technology (ICT) sector in Kenya.

OUR RELATIONSHIP WITH OUR REGULATORS

Our services play an important and, occasionally, critical role directly and or indirectly in the daily lives of many Kenyan Employees, Suppliers, and Families.

As a result, our regulators expect us to provide our services in a reasonable, responsible, ethical and environmentally sensitive manner, providing customers with adequate information and support to access and enjoy our services, while respecting their rights.

Our regulators also require us to compete for business fairly and to play our part in helping to empower and transform the lives of Kenyans through innovation and

OUR PRIMARY REGULATORS.

Communications Authority of Kenya (CA): The CA is the regulatory authority for the ICT sector in Kenya. It works to ensure the customers & people of Kenya receive the best possible services from communications contractors and facility providers.

Energy Regulatory Commission (ERC)
The ERC is the regulatory authority for power & energy sector in Kenya. Since we are a contractor, the ERC license must be in place before executing such business

National Construction Authority (NCA)
The NCA gives license to construction works to promote professionalism, capability, & capacity for such works in Building, Electrical, Civil, Structural Cabling
Kenya Revenue Authority (KRA): The KRA is responsible for the efficient assessment and collection of revenue (taxes) on behalf of the government.

National Environment Management Authority (NEMA): NEMA is mandated to ensure the natural resources and environment of Kenya are managed in a sustainable manner

- Environmental Impact Assessments
- Environmental Audits
- E-waste management
- Energy management regulations
- Climate change

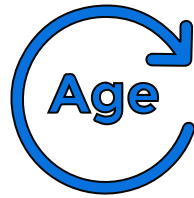
Kenya Civil Aviation Authority (KCAA):
The KCAA is responsible for the safety and management of the Kenyan airspace.
Site acquisitions
Approval of proposed Base Transceiver Stations

Delivering value to our enterprise customers:

During the year, we experienced continued growth and acquisition of SME and FTTx customers by offering business payment solutions and tailored mobile GSM solutions in Partnership with Safaricom PLC. We are satisfied with this growth, but believe that there is still an opportunity to drive additional growth based on the addressable market opportunity.

The large enterprise customers still account for most of the enterprise revenues and within this space we will up/cross sell new segmented propositions. Looking ahead, we want to continue to offer enterprise customers real-time monitoring of services and an enhanced billing service, together with an improved self-service portal.





01 AGE

A majority of our employees remain Kenyans in their 30s, based in Nairobi, with this age cohort still accounting for over 60% of the workforce. There were marginal gain made in the 40s and 20s age groups.

02 GENDER

Our target is to achieve gender parity a 50-50 per cent ratio between men and women in senior management by 2021 and continue to improve the current 60-40 composition.



03 HEALTH & SAFETY

We take our responsibility to maintain a safe working environment for staff and contractors very seriously and are delighted to report no fatalities this year.



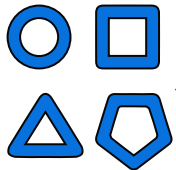
04 MORALE

Overall, staff morale appears to have improved again this year, with the latest Index results showing 90% of employees are happy with employment conditions at the company.



05 DIVERSITY

We have set ourselves an aggressive target of increasing the number of our colleagues who are differently-abled to 5 per cent by March 2021



Our business partners include suppliers, subcontractors, equipment companies, institutions of learning, training & research, the society, and our agents. We rely heavily on our partners from both an operational perspective and in terms of our reputation as they are our interface with many of our other important stakeholders. We also understand that we can play an important role in encouraging sustainable practices throughout our business ecosystem and value chain by engaging with our partners in this regard. Our business partner network is currently comprised of over 100 entities & individuals as Supplier Consultants, Subcontractors, and related Corporations.

We continue to undertake performance evaluations of all of our suppliers & other partners on a quarterly or bi-annual basis. Suppliers are measured against a variety of indicators - including cost, quality, delivery, responsiveness, flexibility, value-add, health and safety — and a performance score is calculated. Suppliers whose performance is below the required threshold (<60%)

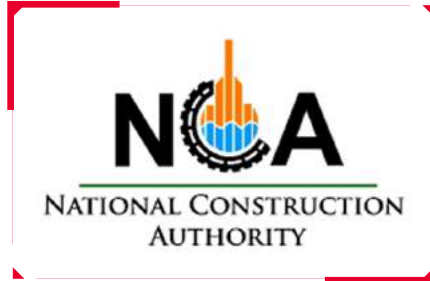
are assisted with customized performance improvement plans (PIP) as per our Procurement & Partnership policy and mentored towards achieving acceptable levels of service. In cases of lack of improvements after a PIP has been implemented, the contract is recommended for termination and no invitations are sent for participation in future business opportunities.

We meet with our partners every year at our Adrian Kenya Annual Partners Forum to hear their concerns and exchange ideas and information with them. During the event, we conduct a survey to assess their perceptions and levels of satisfaction and confidence regarding Adrian Kenya. We use the feedback gained through the survey to adjust our processes and offerings to partners.

This year 2018, we commissioned our Procurement Division to survey our suppliers and partners the overall 'satisfaction with Adrian Kenya' level reported was 87 per cent.

Reasons offered for the high level of satisfaction included the improved payment turnaround time through the Sage Supplier & Partner portal of 30 days on average, and our more straightforward contracts, with clearly defined service levels. Areas for improvement that were raised by suppliers & partners during the survey included the pre-qualification, tendering process, and payment terms - from submission periods to the communication of outcomes and negotiated rates — and the level of communication provided by Adrian Kenya staff.

We have already begun to address these concerns by introducing a dedicated customer care and help desk to respond to supplier and partner queries and we intend to improve our levels of communication through periodic emails to suppliers, mini-forums for specific supplier groups, and by holding debriefing sessions with suppliers at the end of tender processes.





5. CONCLUDING REMARKS

5.1 Concluding Remarks

5.2 Third Party Opinion & Assurance

Thank you for reading our sustainable business report. As stated at the outset, we hope that our report has presented you with a concise, yet meaningful overview of the role sustainability plays in our day-to-day operations and business practices.

Please refer to the companion website for this report at www.adriankenya.com for more information regarding the list of material topics and purpose of our reporting, the methodology we use to determine our most material topics, the methodology we use to calculate our emissions and water consumption, our governance structures and processes, as well as our assurance process. As we continue to learn and evolve on our journey of sustainable business reporting, we value your views and feedback.

Please share any comments, queries or suggestions you have regarding this report with the reporting team by emailing to us at: sustainability@adriankenya.com;





Safaricom
Twaweza





CONTACTS

Gitaru-Off Waiyaki Way, Opp. Kikuyu-Junction

P. O. Box 9808-00100 - Nairobi - Kenya

Office Tel: +254 (020) 232 4900

Office Cell: +254 701971818;

Email: info@adriankenya.com

Website: www.adriankenya.com