Integrating sustainability into core business

Summary results of the GSMA Sustainability Assessment Framework 2019

The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with almost 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors.

The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

In pursuit of the mobile industry's goal of Intelligently Connecting Everyone and Everything to a #BetterFuture, the GSMA is working closely with its members to improve the lives of billions of people and the environment in which they live. It is doing this in three ways:

- Working with mobile operators and their partners to pursue the UN Sustainable Development Goals (SDGs);
- Equipping CEOs and their teams with the tools and skills they need to pursue a holistic agenda that can deliver a sustainable future for the planet and people; and
- Advancing sustainable and responsible business models across the mobile industry.

Contents

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The global mobile market

OPERATOR REVENUES AND INVESTMENT

2018: $1.03tn
2025: $1.14tn

based on operator capex of $321bn for the period of 2019–2020

MOBILE INTERNET USERS

2018: 3.6bn
2025: 5.0bn

% of population: 47% → 61%

UNIQUE MOBILE SUBSCRIBERS

2018: 5.1bn
2025: 5.8bn

% of population: 67% → 71%

TOTAL CONNECTIONS IN THE INTERNET OF THINGS

2018: 9.1bn
2025: 25.2bn

MOBILE INDUSTRY CONTRIBUTION

2018: $3.9tn (4.6% total GDP)
2025: $4.8tn (4.8% total GDP)

MOBILE ECOSYSTEM CONTRIBUTION

2018: $510bn

to public funding (before regulatory and spectrum fees)

JOBS DIRECTLY SUPPORTED BY THE MOBILE ECOSYSTEM

2018
Direct → 14m
Indirect → +17m

Sustainable business

The mobile industry has the power to change lives.

Two-thirds of the world's population have a mobile subscription and mobile networks cover 90% of the world's population.

Working at this scale, mobile network operators (MNOs) have a key role to play in sustainable development. In markets around the world, operators have embraced the need to deliver technology, information and infrastructure to address environmental and social challenges. The sector will continue to play a key role, as the Fourth Industrial Revolution technologies become a critical accelerator of socio-economic development throughout the world.

This positive contribution is addressed by a number of GSMA and industry initiatives as well as publications such as the 2019 Mobile Industry Impact Report.

Purpose and profit go together

Sustainable businesses have business models that create value for all stakeholders, including employees, shareholders, supply chains, civil society and the planet. Mounting evidence shows that sustainable companies deliver significant positive financial performance, and investors are beginning to value them more highly[1].

> Companies that proactively make sustainability core to business strategy will drive innovation and engender enthusiasm and loyalty from employees, customers, suppliers, communities and investors.

99%

of CEOs from companies with more than $1 billion in annual revenues **believe sustainability will be important to the future success of their business**.

1 https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability

Message from Mats

The context for doing business is changing. The world is calling out for new and transformative business models that are aligned with ethical, social and environmental priorities.

Every day, news headlines remind us of those most pressing environmental and social issues, and with that comes expectations on how companies have a role to play in addressing these challenges.

Stakeholders are demanding more from companies to demonstrate that their priorities go beyond short-term financial performance and to take a more holistic view of how they impact society. Business success in this environment will hinge on taking responsibility for direct and indirect impacts as well as showing high levels of transparency.

The mobile industry has a key role to play in sustainable development. In markets around the world, operators have embraced the need to deliver technology, information and infrastructure to address environmental and social challenges. As an industry, we are already creating positive social, economic and environmental benefits for individuals, communities and industries all over the world. This gives us a clear purpose.

We fully committed to the UN SDGs in 2016, and since then our annual impact report has showed that our industry contributes to all 17 SDGs while recognising that much more can be done to leverage the power of mobile and support the delivery of the Goals.

I firmly believe that the long-term solution for sustainable economic growth is to create purpose-driven companies where sustainability is an integral part of the business strategy and company culture. In other words, it's doing business according to the triple bottom line: people, planet, profit.

There is a growing body of evidence which shows the correlation between sustainability and profitability. In the words of a 2019 Harvard Business School article: "purpose and profit tend to go together"[2]. Data shows that companies with high levels of purpose outperform the market by 5%–7% per year, on par with companies with best-in-class governance and innovative capabilities. They also grow faster and have higher profitability.

The mobile industry is arguably comparatively advanced on the purpose agenda through the positive impact of core products and services and I would suggest that it's a latent comparative advantage that we have yet to tap fully.

The GSMA created the Sustainability Assessment Framework in 2018, with the support of Yale University and Sida, to better understand the landscape of operator efforts in social and environmental sustainability. The Framework is designed to provide operators with a clear analysis of how they can improve, gaps in their approach and inspire action through sharing examples of best practice. Ultimately, we hope the results will inspire greater awareness, action and improvement on sustainability within the sector, with demonstrable progress each year.

In reviewing the public reporting of the GSMA Board members on sustainability, this year's results show that 11 of the 25 operators we assessed are either in the 'leadership' or 'established' categories. This is testimony to the importance the industry already places on people, planet, profit.

However, there is room for improved practices across all GSMA Board members to unlock potential and further advance the position of the industry in response to global sustainability challenges and opportunities. I call upon Board members to engage with the GSMA to understand the results of the Sustainability Assessment Framework and learn how the findings can benefit both your organisation and the mobile industry as a whole in advancing our role in sustainable development.

Mats Granryd
Director General, GSMA

2 https://hbr.org/2019/08/181-top-ceos-have-realized-companies-need-a-purpose-beyond-profit

The GSMA Sustainability Assessment Framework

In line with the mobile industry's goal of Intelligently Connecting Everyone and Everything to a #BetterFuture, it is important for MNOs to recognise their role in sustainable development.

Ultimately, it is about finding ways to integrate the pressing needs of the planet and advance equality into the way they do business every day while maintaining robust profitability.

To help the industry move towards a more sustainable future, the GSMA has developed a Sustainability Assessment Framework to better understand the landscape of operator efforts in social and environmental sustainability. Designed in collaboration with Yale University, the Framework is constructed to measure sustainable development activities specific to the MNO sector.

The Framework is constructed to assess not only the performance of the MNO operations themselves but also the interaction of the company with society and the company's response to global challenges and opportunities. MNOs are approaching today's social and environmental opportunities and challenges in a number of different ways. By compiling various best practices and evaluating them, we aim to show how companies can learn from each other.

The assessment is based on publicly available information, such as company Sustainability Reports, Annual Reports and other online communications. This is the second assessment conducted, following an inaugural assessment published in 2018.

There are a wide range of sustainability frameworks, guidelines and standards available, such as the Global Reporting Initiative (GRI), Integrated Reporting (<IR>) and Sustainability Accounting Standards Board (SASB). Increasingly, rigorous sets of environmental, social and governance (ESG) data are compiled by CDP, RobecoSAM, Sustainalytics, MSCI and many others. Our intention was not to duplicate these existing guidelines but to refine and complement them by constructing the Framework in a manner that uniquely reflects the material issues and strategic direction of the MNO sector.

Three pillars of the framework

Operating responsibly

Managing the material issues

- Customer and society
- Employee and supply chain
- Environment

Delivering value for society

Creating shared value

- Connecting business and social outcomes
- Operating context and regionality
- SDGs

Values-led leadership

Innovation on behalf of the sector

- Multi-stakeholder leadership
- Industry leadership
- Incentive alignment leadership

Assessment group

The companies included in this assessment are members of the GSMA Board, as of August 2019.

Driving the agenda at CEO level

One of the challenges of sustainability has been communicating its relevance to core business strategy. The GSMA is using the results of the Framework to drive the agenda at CEO and C-suite level. This is in line with investors increasingly looking for companies to provide greater disclosure and performance on their social and environmental risks and impacts, as well as the market opportunities.

The Framework has been designed to align with emerging investor expectations on sustainability risks and opportunity disclosure. This increasing interest is driven in large part by an increasing consensus of data showing a positive correlation between strong ESG management and performance and financial performance[3]. Although the positive relationship is becoming clearer, the exact indicators and metrics that drive these correlations have not yet been established. The GSMA will continue to review and collect financial data in our assessment each year, with the intention to provide insight into the link between ESG and financial performance in the sector.

The operator examples used in this report represent a small selection of best practices from across the industry.

3 Both academics and practitioners report positive correlations between corporate sustainability and financial performance. Friede et al (Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: aggregated evidence from more than 2,000 empirical studies. *Journal of Sustainable Finance & Investment*, 5(4), 210–233) conducted a meta-analysis of over 2,000 academic studies and found that almost half showed a positive correlation while only ~10% showed a negative correlation, with the remainder showing mixed or neutral results. An earlier meta-analysis by Orlitzky et al (Orlitzky, M., Schmidt, F.L. & Rynes, S.L. (2003). Corporate social and financial performance: A meta-analysis. *Organization studies*, 24(3), 403–441) had a similar finding with the authors concluding: "corporate virtue in the form of social responsibility and, to a lesser extent, environmental responsibility is likely to pay off". Recent empirical studies continue to establish this positive relationship between sustainability and financial performance. Eccles et al (Eccles, R.G., Ioannou, I. & Serafeim, G., 2014).

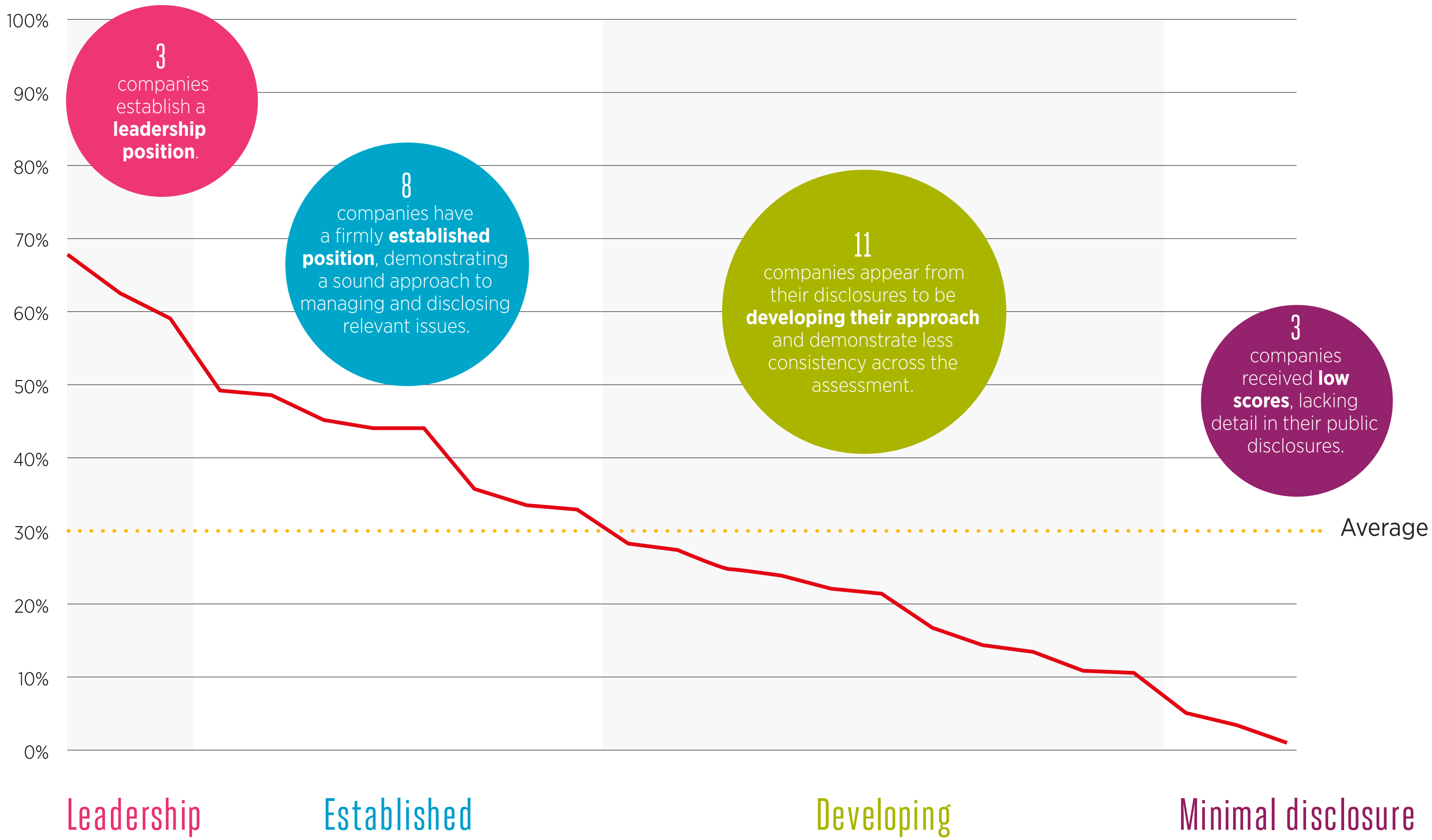
The results

The assessment shows a wide range of scores.

Three companies establish a leadership position: for a broad range of issues relevant for the sector, they can describe how they manage these issues, have robust governance arrangements in place, engage and respond to stakeholders, and disclose performance data, trends and targets. Their disclosures demonstrate a close link between society and their core business; how they are taking a lead on issues at a sector level; and describe in detail their contribution to the SDGs.

The correlation between the three pillars of the assessment is strong – a high score in Operating responsibly is more likely to also receive a higher score in the Delivering value for society and Values-led leadership pillars. This reinforces one of the fundamental principles of the Framework – that the Operating responsibly pillar provides companies with a solid foundation for their sustainability approach.

Overall results



Operating responsibly

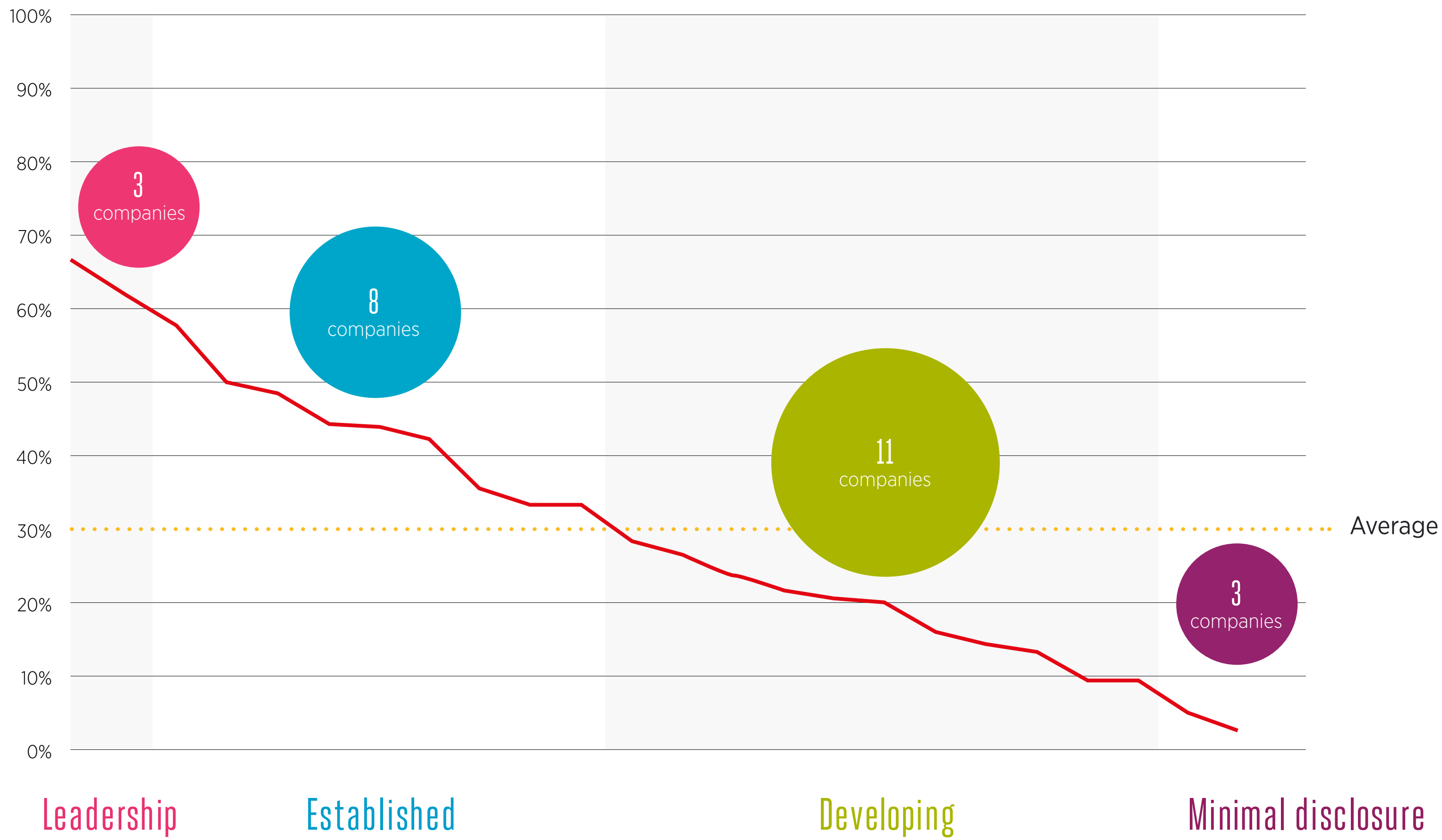
This pillar assesses the extent to which a company manages and discloses performance on sustainability issues within its own operations and its value chain.

The scoring elements in this pillar are comparable to the indicators and reporting principles identified by the GRI and SASB standards, although they have been tailored specifically to the mobile sector. For each issue area within the pillar, companies are scored based on the presence of management practices such as:

- Policies;
- Management systems;
- Accountability and governance; and
- Metrics and targets.

The Framework also assesses trends in performance for each issue area as well as identifying any incidents of non-compliance.

Operating responsibly results



Material issues

The material issues assessed in this pillar are selected based on stakeholder interest and impact on business through research conducted by the GSMA. While we recognise every MNO is unique, we believe these issues are common to the sector and relevant to all MNOs. We describe in detail each issue and its relevance to the sector in the GSMA Guide to Operating Responsibly, which is further supported by the associated capacity building training for Operating responsibly.

Similar to the results from the first assessment in 2018, no company consistently demonstrates leadership across all elements of this pillar. Across all issues, the sector overall could improve performance by ensuring robust management processes are in place and performance is disclosed transparently.

Our assessment found performance in each issue area varied significantly. 'Established' issues – where companies have historically had to meet regulatory requirements – such as Waste and Employee Health and Safety score lower than expected, in comparison to less mature issues such as Privacy and Freedom of Expression.

Scoring across all issues

Highest

- Climate Risk
- Employee Diversity
- Customer Service
- Waste and e-Waste
- Anti-Bribery and Corruption
- Digital Inclusion
- Privacy and Freedom of Expression
- Supplier Capacity Development
- Employee Health and Safety
- Human Rights
- Mobile Mast Health
- Tax Transparency
- Child Online Safety
- Conflict Minerals

Lowest

Transparency on managing issues

Our assessment found disclosure in each issue area varied significantly. While we recognise that companies can have strategies, management systems and performance measurement in place that are not disclosed publicly, a fundamental principle of the Framework is transparency. Therefore, only those companies that disclose such information received credit in this assessment.

Disclosure	Percentage of maximum score
Policy	**50%**
Governance	**36%**
Performance data	**34%**
Engagement	**30%**
Targets	**11%**
Performance trend	**5%**

For all material issues, a company should provide relevant supporting information to allow stakeholders to judge performance, set targets associated with this performance data, and be open and transparent in discussing trends, even if this means discussing why performance has decreased year on year.

Stakeholder engagement should inform a company's sustainability strategy, demonstrate responsiveness and help to anticipate future issues and trends. On these measures, the assessed scores show room for improvement. Overall, companies were able to identify stakeholder engagement activities and describe a process, but few (12%) were able to demonstrate how they responded to the stakeholder feedback.

Using frameworks and guidelines

Tips for transparent reporting

- **Describe commitments and make policies available** that describe how the organisation addresses the main aspects of Operating responsibly.
- **How are those responsible for delivering against the commitments** or ensuring the policy is adhered to held to account, both at an Executive/ Board level and management level?
- **How are stakeholders engaged**, and crucially, how has the company responded to their feedback?
- **What data can support a company's disclosure**, and how has this performance changed over time any why?

There is no single common approach to sustainability reporting; instead, a company should select the guidelines or frameworks that align with their communication needs.

Global Reporting Initiative (GRI)	**81%** of companies referenced	The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.
UN Global Compact (UNGC)	**46%**	This is the world's largest corporate sustainability initiative. It calls on companies to align strategies and operations with 10 universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.
Integrated Reporting (<IR>)	**19%** of companies referenced	<IR> applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process and adopting 'integrated thinking' as a way of breaking down internal silos and reducing duplication. It improves the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.
Sustainability Accounting Standards Board (SASB)	**8%**	The SASB standards are designed to help businesses identify, manage and report on the sustainability topics that matter most to their investors. They are industry-specific, enabling investors and companies to compare performance from company to company within an industry.
CDP	**92%**	CDP is a global framework for climate-related financial disclosure. Each year, CDP takes the information supplied in its annual reporting process and scores companies and cities based on their journey through disclosure and towards environmental leadership. Through our independent scoring methodology, we measure corporate and city progress and incentivise action on climate change, forests and water security.
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	**27%**	The TCFD has developed climate-related financial disclosures that would be useful to investors, lenders, and insurance underwriters to understand material risks and opportunities. There is large emphasis on governance, strategy, risk management, and metrics and targets.

Spotlight: Climate risk

In 2018, the Intergovernmental Panel on Climate Change (IPCC) issued its starkest warning yet on the consequences of climate inaction and the importance of limiting global warming to 1.5°C.

The mobile industry has a significant opportunity to help address global climate change, through mitigating their own emissions and advancing mobile technology innovations in areas such as big data and the Internet of Things (IoT) that can enable energy efficient and environmental solutions across multiple sectors, including transport, manufacturing, agriculture, building and energy.

Many mobile operators have been working on climate action for some time, disclosing performance and setting targets for emissions reductions. For the leading organisations, targets are science based and they disclose information relating to climate risk too.

Climate risk was the highest scoring issue in Operating responsibly. This assesses the extent to which a company addresses emissions reduction, as well as the impacts of climate change on a company's business and the mitigating actions put in place to address these risks.

In 2019, 92% of companies assessed disclose information relating to climate change through the CDP. In our assessment, we found that 84% of companies disclose their carbon emissions in their reporting, and 52% set a target in relation to reducing emissions. Overall, 20% of companies achieve the highest score and have publicly committed to a science-based target[4]. These top-scoring companies also disclose their position on climate-related financial risk disclosures, in line with TCFD recommendations.

TCFD recommendations

TCFD is developing voluntary and consistent disclosures for companies to measure, as well as providing climate risk information to investors, lenders, insurers and other stakeholders on climate change risks. Although guidance for the telecoms sector is not yet published, companies are encouraged to commit to and publish the results of their climate risk assessments and the financial impact of these risks.

Industry commitment to net zero by 2050[5]

In 2019, a group of mobile operators – which together account for more than two-thirds of mobile connections globally – committed to disclosing climate impacts, energy and greenhouse gas (GHG) emissions. The next phase will see the development of a decarbonisation pathway for the mobile industry aligned with the Science Based Targets initiative.

Singtel reports its Scope 1, 2 and 3 carbon emissions and has set a science-based target (the first in Asia excluding Japan) to reduce absolute emission by 42% by 2030, in addition to working with suppliers to reduce Scope 3 emissions by 30% over the same period. It also commits to disclosing climate risk in line with TCFD recommendations.

Singtel's Indicative Climate Risk Related Financial Indicators

	INCOME IMPACT	BALANCE SHEET IMPACT
Physical Risks Climate-related natural disasters affecting business performance and network resilience and continuity	■ Revenue impact ■ Market share impact ■ Insurance premiums ■ Operational cost of disaster recovery ■ Supply chain risks ■ Customer revenue from ICT service diversity	■ Asset impairment or write-down from damage ■ Capital investment for adaptation or resilience building ■ Capitalised cost of disaster recovery
Transitional Risks Towards a low carbon economy	■ Carbon tax ■ Energy costs ■ Carbon offsets ■ Renewable energy purchase ■ ICT solutions enabling carbon footprint reduction for customers	■ Investments in energy efficient technologies or upgrades (e.g. chillers and lighting) ■ Renewable energy projects
Liability Risks Contractual and legal obligations	■ Service Level Agreement with enterprise customers	■ Provisions for contingent liabilities

4 https://sciencebasedtargets.org/

5 https://www.gsma.com/betterfuture/mobile-creating-a-better-future-climate-action

Spotlight: Human rights

Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

UN Guiding Principles on Business and Human Rights

Through their products and services, connecting people and providing access to services such as healthcare and education, mobile operators play an important role supporting human rights issues. These opportunities must be balanced, however, as human rights risks are present throughout the sector's value chain. These range from issues such as privacy and child safety online to labour standards, modern slavery and conflict minerals. The issues are complex and multifaceted, and found across the value chain for mobile devices and network equipment.

Conflict minerals was the lowest scoring issue in Operating responsibly. While 44% of companies demonstrated a policy or commitment on conflict minerals, only 28% of disclose governance arrangements for the issue. Furthermore, only 32% of companies demonstrate some level of engagement on the issues, which shows clear room for improvement given that supplier engagement is critical to properly address supply chain risks associated with the use of conflict minerals, particularly for MNOs who do not manufacture products themselves but source through their suppliers.

Informed by the Sustainability Assessment Framework results, **the GSMA will be developing guidance** for operators on managing human rights.

Orange: Transparent reporting

Through transparent reporting, Orange is committed to ensuring human rights are respected, particularly regarding freedom of expression and the protection of privacy. Each year, in the Global Network Initiative (GNI), a multi-stakeholder platform that includes internet carriers, telecommunications carriers, device manufacturers, non-governmental organisations (NGOs), academics and socially responsible investors, and focuses on issues of freedom of expression and protection of privacy in response to government requests.

Verizon: Managing conflict minerals

Verizon's conflict minerals policy acknowledges concerns around conflict minerals, highlights its involvement in joint initiatives to tackle the issue and sets out clear expectations for suppliers including:

- Establishing policies, due diligence frameworks and management systems consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Working with sub-suppliers to attain traceability of conflict minerals to the smelter level; and
- Communicating their own policies and expectations to their sub-suppliers and establishing appropriate objectives and monitoring of sub-supplier performance.

Child online safety

Child online safety is an important human rights issue for the mobile industry. While mobile technology offers many benefits and opportunities for young people and their parents, children need to be protected against inappropriate content and to understand issues such as privacy, grooming and online reputation.

However, the same technology also presents potential risks, which is why mobile operators have been working to protect children online and to promote the safe and responsible use of mobile services to both children and their parents.

Child online safety was one of the lower scoring issues in Operating responsibly. While 44% of companies have a policy or commitment on the issue, only 28% disclose any governance arrangements. Overall, only 32% of companies disclose some level of data to demonstrate performance on the issue, typically in the form of hours of training delivered or number of children or parents provided with training.

The UN Convention on the Rights of the Child (CRC) sets out the rights that all children, everywhere, are entitled to so that they can survive and thrive, learn and grow, and reach their full potential. By using the CRC as a lens through which to consider potential child rights impacts of mobile operator activities, it is possible to frame the many ways mobile operators can support a broader spectrum of child rights, from protection to participation.

Telenor: Training 4 million children

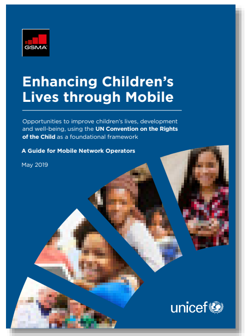
In addition to Telenor's global partnership with UNICEF and Plan International to enhance children and young people's skills for a digital future, Telenor aims to reach 4 million children with its child safety online training by the end of 2020.

Telenor's global programme, Be Smart Use Heart, provides children and parents with information and tools on how to cope with cyberbullying, how to stay safe online and how to keep mobile devices secure. It launched Digiworld in 2018, an interactive game designed to help children become safer and more confident digital citizens.

Enhancing children's lives through mobile

Mobile technology provides wide educational benefits, new and innovative ways to learn, exposure to different cultures and people from different regions and segments of society, and encourages creativity.

To mark the 30th anniversary of the UN Convention on the Rights of the Child (CRC), the GSMA has collated a series of inspiring stories from mobile operators about their work supporting children's rights.



The GSMA Guide to Enhancing Children's Lives through Mobile outlines how mobile operators can contribute to positive outcomes for children in terms of their rights, development and well-being while minimising any adverse risks and impacts that mobile services can pose for children.

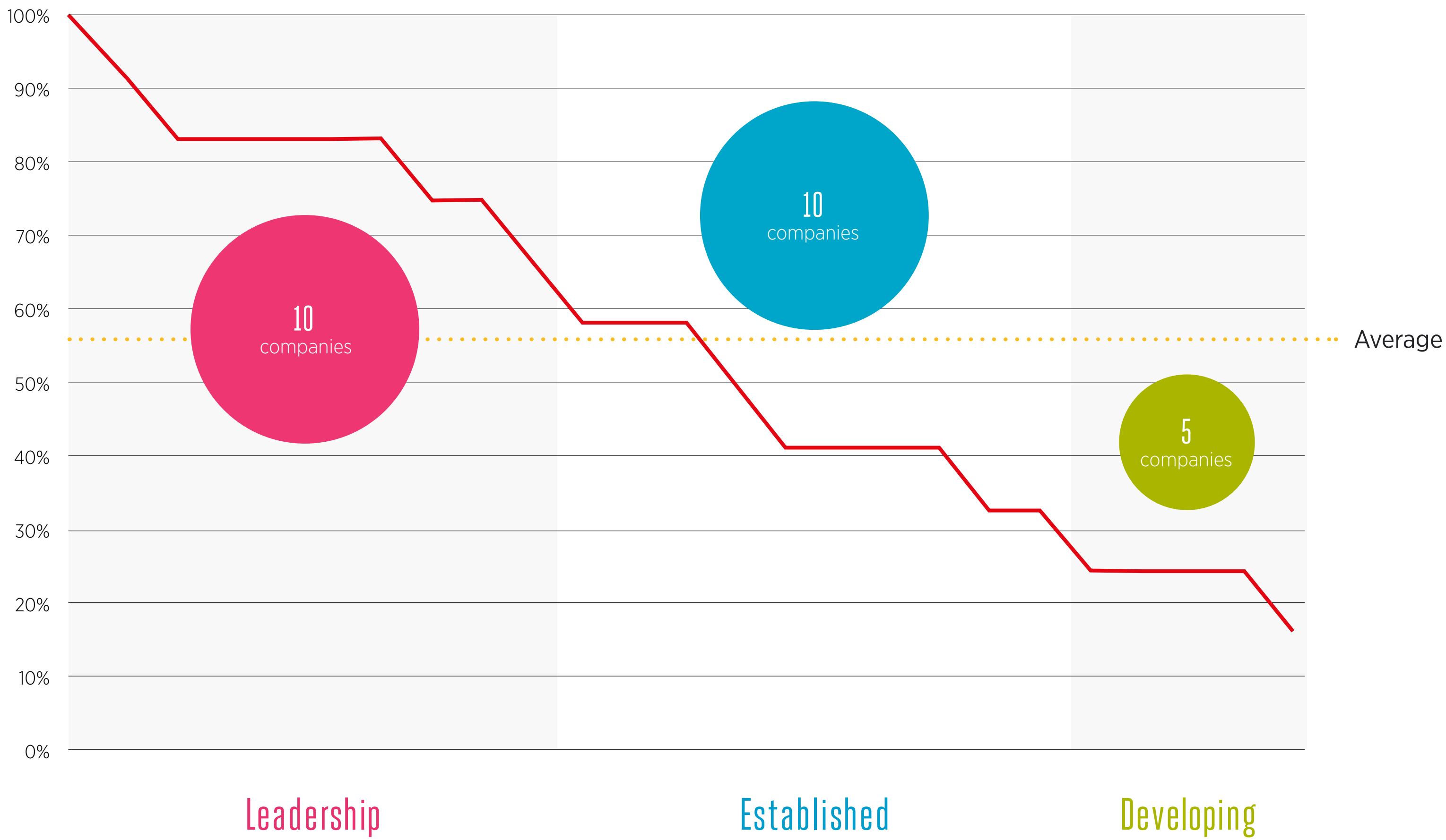
Delivering value for society

This pillar assesses the extent to which a company can demonstrate a clear connection between its core business and positive outcomes for society:

- How the company demonstrates shared value created as a result of its core business;
- How the company supports (directly managed or via funding of external programmes) social or community development programmes;
- Evidence that local challenges and needs are considered; and
- Alignment with, and contribution to, the UN SDGs.

Overall, the scores for this pillar are encouraging. All companies disclose at least some relevant information, with one company scoring a full score and seven in the Leadership category.

Delivering value for society results



Shared value is a concept by which companies identify business opportunities in social challenges and bring these activities into their core business, maximising competitive advantage and identifying new products and services. The basis behind the concept is that the competitiveness and the health of society impacted by the company are closely linked. Although many companies claim to 'add value', to truly adapt the concept of shared value means going beyond philanthropy, 'giving back' and minimising the impact of a business on society.

MNOs have great potential to identify and develop products and services that demonstrate genuine shared value. One example found in the sector is providing money transfer services for those without access to traditional banking services, providing both a solution to a societal challenge while at the same time delivering revenue for the service provider.

Community investment has evolved over the past 30 years towards a much more holistic, strategic approach, with carefully measured and tangible social impacts relevant to the region where the programme is focused.

All companies in the assessment reported active social and community engagement programmes. Typically, companies highlight activities using case studies, interviews and stakeholder quotes for a selection of their programmes. Only 12% of companies assessed demonstrated the ability to measure and report programme 'impact'. Half the companies fall into the middle ground – detailing a wide range of programmes and reporting on, for example, financial investment, the number of people to benefit, or equipment or services donated. However, only 36% demonstrated shared value by providing evidence or quantifying mutual benefit to the company and stakeholders.

Deutsche Telekom: Embedding sustainability into business process

Using criteria and indicators developed in collaboration with stakeholders, sustainability is embedded into Deutsche Telekom's business processes and overarching strategy.

In-depth analyses of 29 product groups with regard to their sustainability benefits and corresponding business potential demonstrated that 42% of total revenue in 2017 was generated from sustainable products, up from 40% in 2016.

Assessing socio-economic impact

Orange: Country level assessments

Orange conducts socio-economic impact studies to measure its contribution to the development of the countries in which it operates. After conducting studies in France and Niger in 2017, Orange extended the initiative to five other countries in Africa: Cameroon, Côte d'Ivoire, the Democratic Republic of the Congo, Guinea and Senegal. The studies look beyond the Group's local presence alone, measuring the impact of the social and economic footprint on several levels. The total footprint is expressed as Orange's contribution to gross domestic product (GDP) per country.

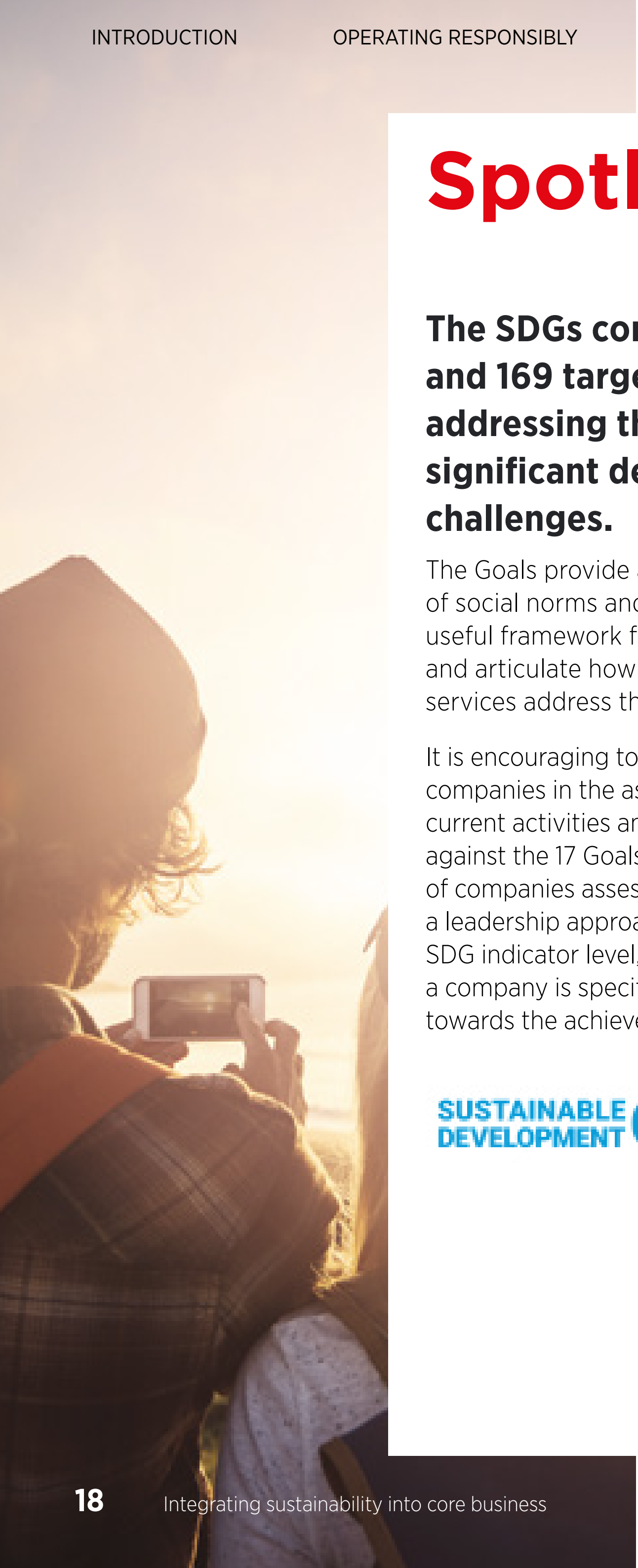
Vodafone: Product level assessments

Vodafone commissioned an independent study to understand the socio-economic impact of its Mum & Baby information service. This is a free-to-use mobile health intervention that gives customers maternal, neonatal and child health information in South Africa.

Key findings

- 98% of the mothers and pregnant women surveyed said they had taken action to improve their child's health because of access to the information provided by the service;
- 95% of the mothers and pregnant women surveyed said that the information received influenced their decision to breastfeed;
- 97% of mothers and pregnant women surveyed said the service influenced their decision to visit a health centre for check-ups; and
- 96% agreed that the information received helped with their decision to vaccinate their child. If this were representative of all Mum & Baby subscribers, it would suggest that the service may have influenced the vaccination decisions for the children of approximately 650,000 individuals in South Africa.

Find out more about how operators are using socio-economic impact assessments in the GSMA's review.



Spotlight: UN SDGs

The SDGs comprise 17 goals and 169 targets aimed at addressing the world's most significant development challenges.

The Goals provide an important indicator of social norms and needs, creating a useful framework for MNOs to align with and articulate how their products and services address these global challenges.

It is encouraging to see that 76% of companies in the assessment map their current activities and material issues against the 17 Goals. However, only 20% of companies assessed are adopting a leadership approach by reporting to SDG indicator level, which conveys how a company is specifically contributing towards the achievement of each Goal.

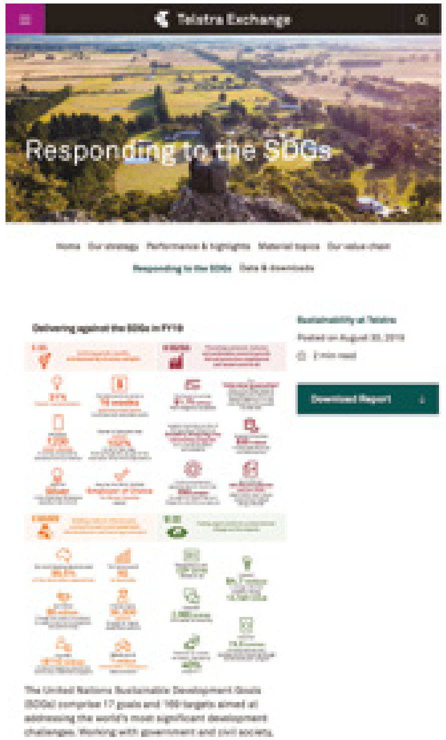
SUSTAINABLE DEVELOPMENT GOALS

Telstra: Alignment between SDGs, strategy and value chain

Telstra publishes a Responding to the SDGs section on its website, showing how it contributes to SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG 13 (Climate Action).

These 'SDG priorities' reflect the areas Telstra is best placed to contribute to. The link between these focus Goals and its sustainability strategy is clear, with each of its 2020 targets cross-referenced to a specific Goal.

Each Goal is also mapped against key stages in its value chain: Supply Chain, Telstra, and Customers & Society. Crucially, this mapping is carried out to SDG indicator level, specifically showing which of the indicators comes under each Goal Telstra is targeting for the greatest impact.



"The only way to achieve the Sustainable Development Goals is if there is involvement from all stakeholders — including the business community.

UN Secretary-General António Guterres

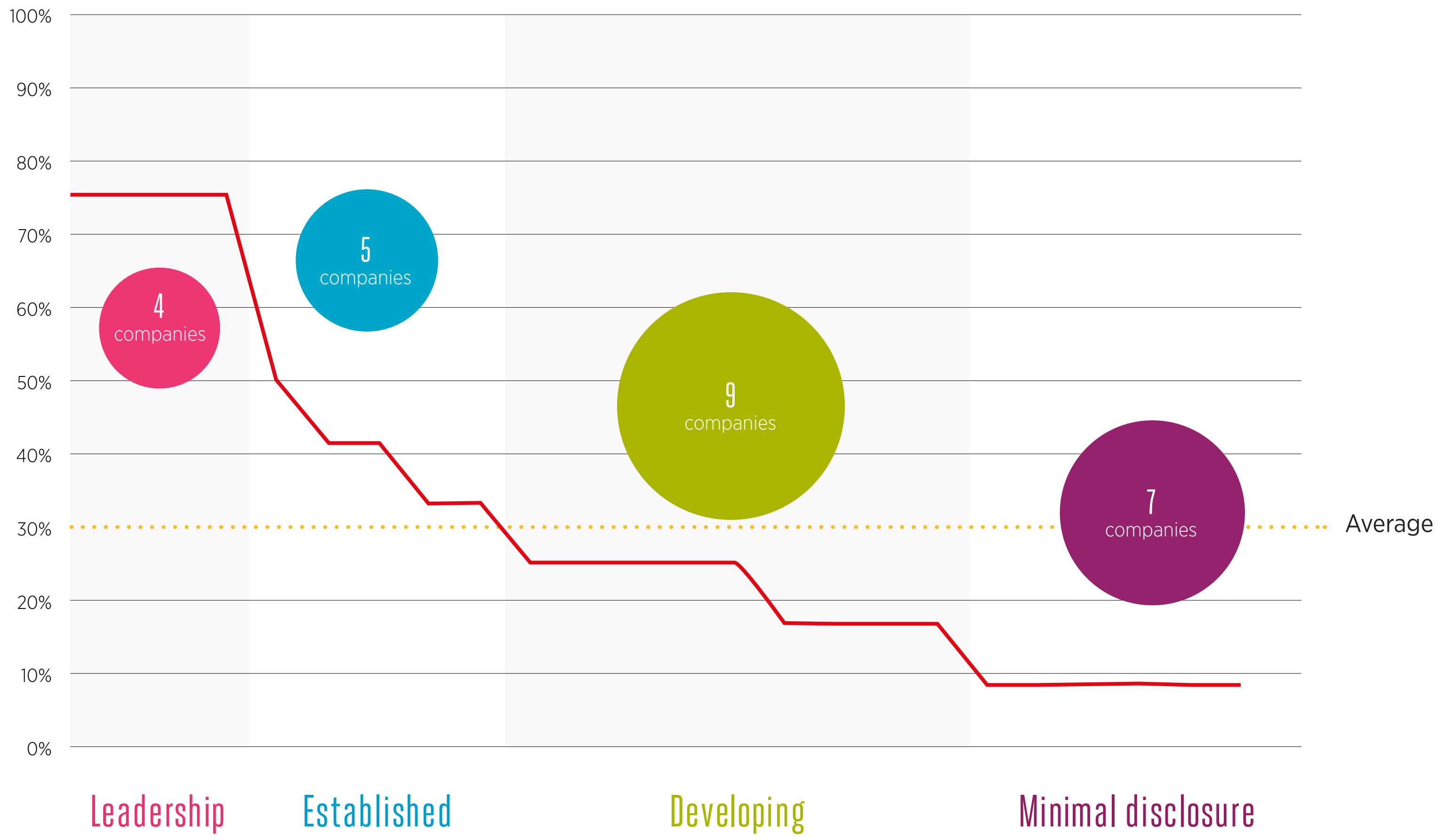
Values-led leadership

This pillar assesses the extent to which companies are engaging with the sector, its value chain and wider stakeholder groups across a broad range of issues.

It also identifies companies demonstrating sustainability leadership: incentivising employees on sustainability performance and using innovative sustainable finance mechanisms such as green bonds.

Performance in this pillar is varied, with four companies scoring a leadership position.

Leadership results



Multi-stakeholder initiatives

The scores for this pillar are driven primarily by operators reporting their participation in a wide range of multi-stakeholder initiatives (MSIs). Ninety-two per cent of companies disclose a description of MSIs, which indicates a strong level of collaboration in the sector.

Here are just two examples of industry MSIs addressing key issues in a collaborative way.

Global Network Initiative (GNI)

The GNI, launched in 2008, addresses the issue of how ICT companies can best respect the rights of their customers. It is now becoming established as a global standard for human rights in the ICT sector. Five companies in this assessment are GNI members.

The GNI Principles state the overarching commitment of members to collaborate in the advancement of user rights to freedom of expression and privacy. The Principles provide high-level guidance to the ICT industry on how to respect, protect and advance user rights to freedom of expression and privacy, including when faced with government demands for censorship and disclosure of users' personal information.

The GNI also has an assessment to review a company's efforts to implement the Principles. Vodafone completed its first formal GNI assessment in March 2019 and the GNI Board determined that it was making good faith efforts to implement the GNI Principles with improvement over time.

Aligning incentives to sustainability performance

Many of the companies assessed do not disclose if, and how, financial incentives for employees, managers or executives is tied to performance on sustainability issues. It is unclear if this is the result of a lack of incentive mechanisms in place or a lack of disclosure. In either case, this represents an area for potential improvement in the sector. Only 8% disclose specific details on financial incentives linked to specific sustainability performance.

Joint Audit Cooperation

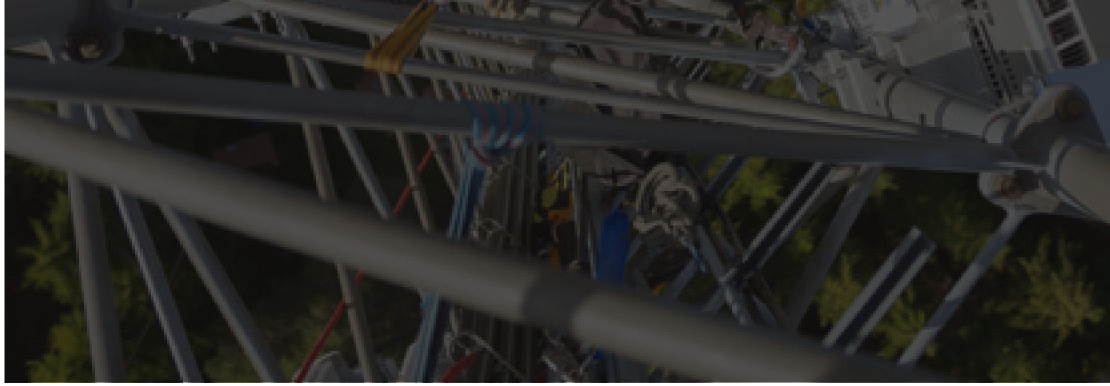
The Joint Audit Cooperation (JAC) is one example of an MSI in which a number of the MNOs assessed participate. JAC is an association of telecom operators aiming to verify, assess and develop the corporate social responsibility (CSR) implementation across the manufacturing centres of the most important ICT multinational suppliers.

JAC members share resources and best practices to develop long-term CSR implementation in the different layers of the ICT supply chain at international level. AT&T, Deutsche Telekom, KPN, Orange, Proximus, Rogers, Swisscom, Telecom Italia, Telefónica, Telenor, TeliaSonera, Verizon and Vodafone.

The key benefits of JAC are cost and operational efficiencies. Suppliers will only receive one audit request on behalf of all telecom operators. Suppliers benefit from the adoption of one standard methodology during the overall audit process. JAC also facilitates the exchange of best practices.

The companies leading in this issue support their suppliers in implementing any improvements needed to meet the required standard through training, development programmes and supplier forums.

By 2019, over 300 audits have been carried out on suppliers in 33 countries across the world covering around one million workers.



Spotlight: Green bonds

Increasingly, companies are using structured financial mechanisms such as green bonds, which link financial outcomes with ESG performance; for example, margin linked to reducing GHG emissions or supporting specific projects with environmental benefits.

Most climate bonds are bought by institutional investors like pension funds and fund managers.

A GROWING GLOBAL GREEN BOND MARKET[6]

2014

37bn

issuance

2019

250bn

estimated issuance

Green bonds attract new investors keen to support 'green', or climate friendly projects. This is a new and emerging area within sustainable finance, and frameworks and standards are in the process of being developed. A number of leading mobile operators are issuing green bonds; 16% of companies assessed disclosed such innovative financial mechanisms, and all of them were top-scoring companies in this pillar.

"Many investors are aware of the problem of climate change, but translating that awareness into investment decisions is usually seen as a major challenge. However, many investors say that given the same conditions in terms of time and investment, they would choose green bonds over brown ones due to the climate change solution opportunities they offer.

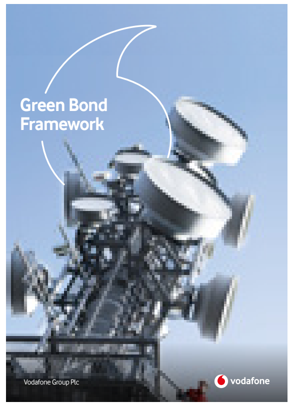
Telefónica: The first Green Bond issued in the telecoms sector

At the end of 2018, Telefónica announced its Sustainable Financing Framework, under which the company issued the first green bond of the sector in January 2019. The bond amounted to 1 billion euros and a term of five years. More than 310 investors have participated, of which more than 80% are international investors.

The proceeds obtained will serve to finance projects devoted to increase the company's energy efficiency thanks to the network transformation from copper to fibre optic in Spain, and could be used, in any case, for existing projects (no older than three years) and future projects[7].

Vodafone: Creating a Green Bond Framework

Vodafone designed a Green Bond Framework under which it can issue green bonds to finance or refinance projects, enabling the company to meet its environmental objectives. It shows the criteria for projects, how they are selected, the management of proceeds and reporting.



6 https://www.climatebonds.net/

7 https://www.telefonica.com/en/web/press-office/-/telefonica-issues-the-first-green-bond-of-the-telco-sector-amounting-to-1-billion-euros

Advancing sustainable business practices

In pursuit of the mobile industry's goal of Intelligently Connecting Everyone and Everything to a #BetterFuture, the GSMA is working closely with its members to improve the lives billions of people and the environment in which they live.

We are doing this through several programmes addressing the industry's key sustainability issues.

Big Data for Social Good

In partnership with UN agencies, international organisations and mobile operators, the Big Data for Social Good (BD4SG) initiative leverages mobile operators' big data capabilities to enable governments to respond effectively and efficiently to many of the world's most pressing health, humanitarian and environmental problems. Mobile data-driven solutions strengthen governments' planning capabilities, enabling them to mitigate risks through better predictions. These solutions also provide new insight to improve decision making and increase the efficiency and effectiveness of their response.

Mobile for Development

The GSMA Foundation works with donor partners to drive innovation in digital technology to reduce inequalities in our world. Through these partnerships, the GSMA Mobile for Development (M4D) programmes deliver both sustainable business and large-scale socio-economic impact for the under-served, in the areas of mobile connectivity, mobile money, energy, water, sanitation, agriculture, climate, identity, disability, humanitarian response and the reduction of the mobile gender gap. Current donors are the Bill and Melinda Gates Foundation, DFAT, DFID, Flourish, the Mastercard Foundation, Sida, SOGE and USAID.

We Care

The We Care initiative convenes mobile operators in a specific country to join forces, as an industry, to deliver solutions with a positive impact on society. Government representatives, regulators, civil society and UN agencies often participate in the initiative ensuring a multi-stakeholder approach to providing responsible and impactful solutions. These in-country initiatives support the mobile industry's commitment to the SDGs and the Digital Declaration, allowing operators to drive impact at a local level. Through We Care, 64 local mobile operators across 19 countries in Latin America and Africa have committed to deliver solutions on topics such as digital inclusion, environmental care, disaster response, privacy, infrastructure deployment and handset theft.

For more information see www.gsma.com/betterfuture/


#Betterfuture

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