



# ESG Metrics for Mobile

The case for investors and analysts



# Overview: Aligning the mobile industry behind common ESG KPIs



## The Challenge

- ESG reporting inconsistent and fragmented
- Differing ESG investing approaches and views on materiality
- Large reporting burden on companies



## The Response

- Industry working group and consultations with experts and mobile ecosystem
- 10 industry KPIs allow operators to measure and improve performance
- White paper published June 2022



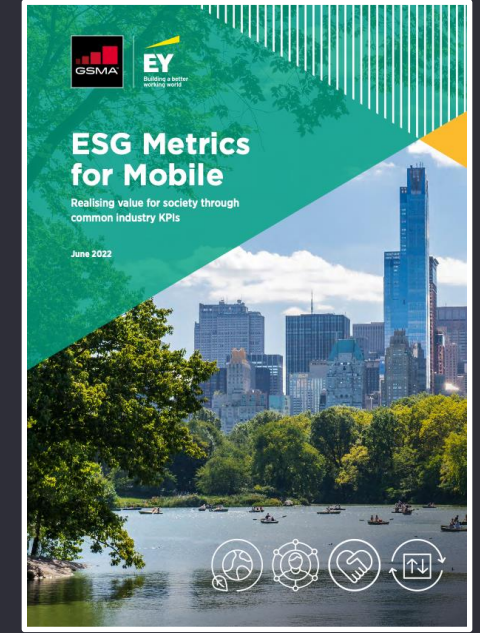
## The Opportunity

- Common industry KPIs for increased consistency
- Disclosures on issues most material to the sector
- In-depth insights and understanding of industry
- Enhanced decision making and stakeholder dialogues



## Next Steps

- Pilot of metrics in 2023
- Further development of framework
- See slide 16 for specific next steps for operators



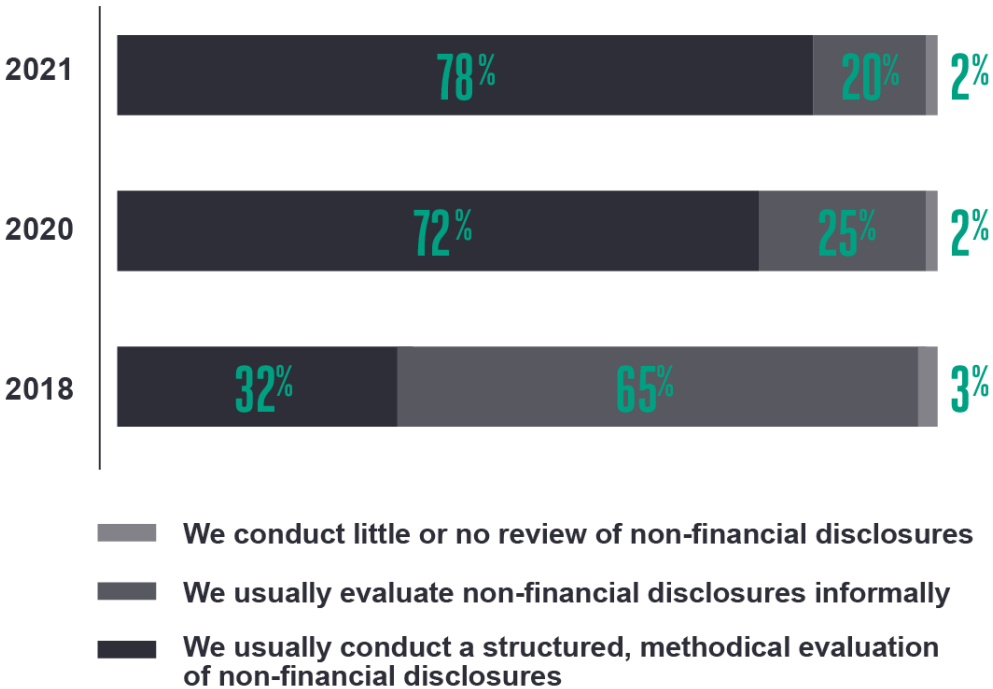
# Today, the majority of investors place high value on non-financial disclosures and are rigorous in their evaluation of ESG performance

“It is our conviction that companies that perform well on ESG are generally less risky, better positioned for the long term, and possibly better prepared for uncertainty.”

**Director of Sustainable Investing, ABN AMRO**

78%

of investors say they conduct a structured, methodical evaluation of nonfinancial disclosures – up from 32% in 2018



Note: excludes 'neutral' responses

Source: Global institutional investor survey (EY, 2021)

# Today, the majority of investors place high value on non-financial disclosures and are rigorous in their evaluation of ESG performance

“We believe that sustainability should be our new standard for investing.”

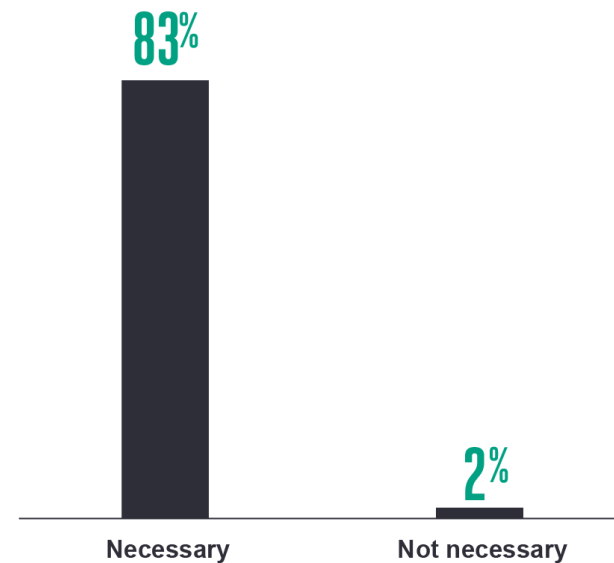
**BlackRock’s Global Executive Committee**

“We believe a company’s ESG score will soon effectively be as important as its credit rating.”

**CEO, State Street Global Advisors**

# 83%

of investors see the need for a formal framework to measure and communicate intangible value



Note: excludes 'neutral' responses



Assets under management with a focus on ESG impact are projected to climb to **US\$53tn** by 2025. The figure already stands at US\$37.8tn, up from US\$22.8tn in 2016.

Source: Bloomberg Intelligence February 23, 2021

Source: Global institutional investor survey (EY, 2021)



# Investors want industry leaders to identify which ESG metrics are most important, and for companies to report on them consistently and transparently

“I want companies to tell and share with us what they want to share with us. **Let them tell their story** and allow us to ask them questions.”

**Principal, Responsible Investment**

“The **consistency** piece is very important... while you sometimes need [qualitative narrative] for context, it has to be backed up with a solid data set that does not change from year to year.”

**ESG executive**

*Noting that today, most money is managed by algorithms:* “Investors want raw numbers. [Industry alignment on ESG metrics] would be huge – we need **comparability and not cherry picking of numbers.**”

**Executive, Investor-focused non-profit**

“In the end, **transparent and reliable** sustainability-related information will contribute to better, more informed, investment decisions.”

**Director, Sustainable Investing**

For institutional investors, **aligning with what already exists** – such as SASB and the Stakeholder Capitalism Metrics – is important. Investors need to see that [any new metrics] are material.”

**Global Head, Sustainable Investing**



# Many operators find it challenging to fully report the information deemed to be material by the sector and its stakeholders

50% of investors say that the usefulness of company ESG reporting is compromised by **the lack of focus on the material issues that *really matter***.<sup>1</sup>

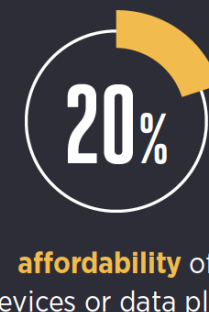
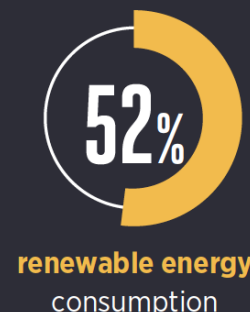
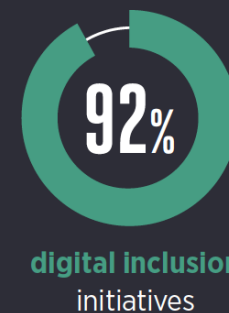
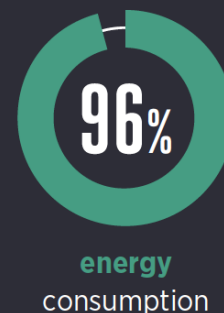
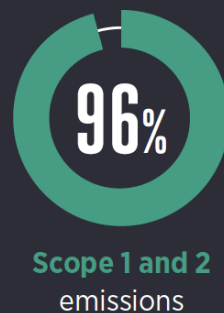
The existence of around 600 global ESG reporting standards and an “alphabet soup” of standard-setters has contributed to **fragmentation** and an **increasing reporting burden** on companies.

There is an opportunity for the mobile industry to demonstrate leadership in the ESG space by converging around common, industry specific KPIs.



Most operators report on the industry’s material topics, but not always in a way that is consistent:

% of mobile operators reporting on the following topics<sup>2</sup>:



1. Global Corporate Reporting Survey (EY, 2021)

2. Included in this analysis are the 25 GSMA Board Members for the 2021-2022 period, who reflect the largest operator groups as well as smaller independent operators with global representation.

# Momentum towards the harmonization of ESG standards is accelerating, but very few industries have worked collectively to align behind common KPIs

## Why now?

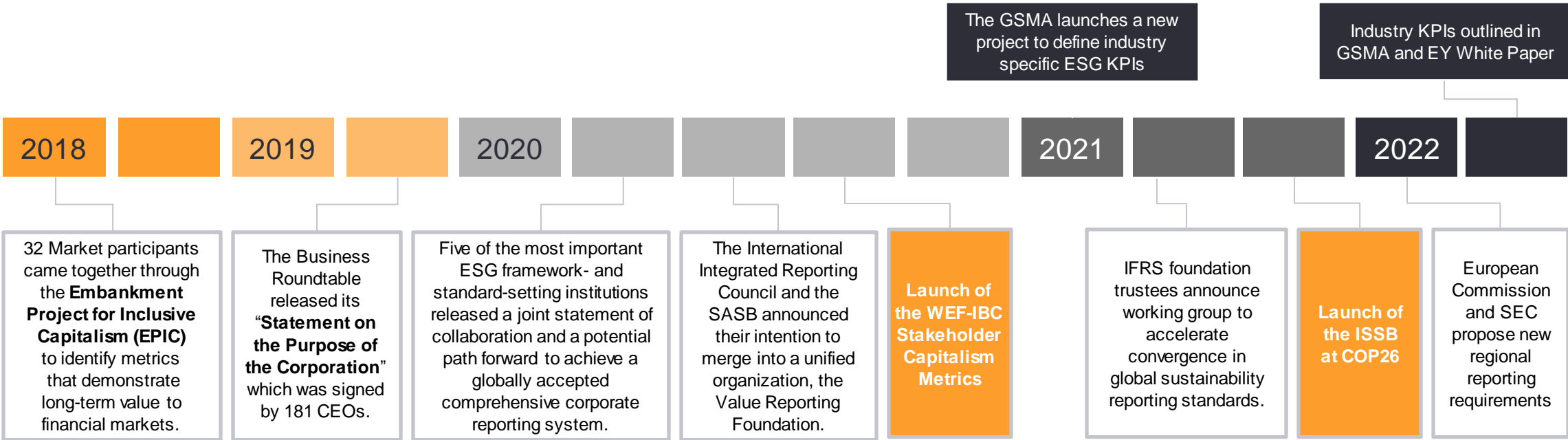
In the last two years, momentum towards the harmonization of universal ESG standards has accelerated, as seen by the creation of the International Sustainability Standards Board (ISSB) and growing adoption of the WEF Stakeholder Capitalism Metrics.

ISSB

The ISSB will soon consolidate existing standards and frameworks to provide a global sustainability reporting baseline. This will create greater comparability and consistency of reporting across all sectors and geographies.



To start on the path towards meaningful disclosures, many companies report against the World Economic Forum's Stakeholder Capitalism Metrics. They are drawn from existing standards and disclosures and have been selected for their universality across industries.



# The objective

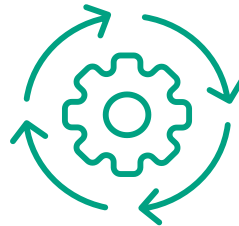
Create industry alignment and respond to the need for more effective approaches to measuring and communicating ESG performance for the mobile sector

## GSMA's ESG project

What and with whom?



In **2021**, the GSMA created a working group of MNOs, representing **45%** of the world's mobile connections, to build early consensus on how operators can best measure and demonstrate ESG value.



Together with partners from EY, Yale Center for Business and the Environment, investors, regulators, standard-setters, subject matter and ESG experts, they developed a reporting framework of **10 core industry-specific and actionable KPIs**, released in **2022**.



# The GSMA and EY have identified and refined a proposed set of ESG KPIs through in-depth consultations with operators, investors and other experts

## Contributing organisations included:

### Mobile Operators:



### Industry Stakeholders:





**Company**



**Industry-Specific**

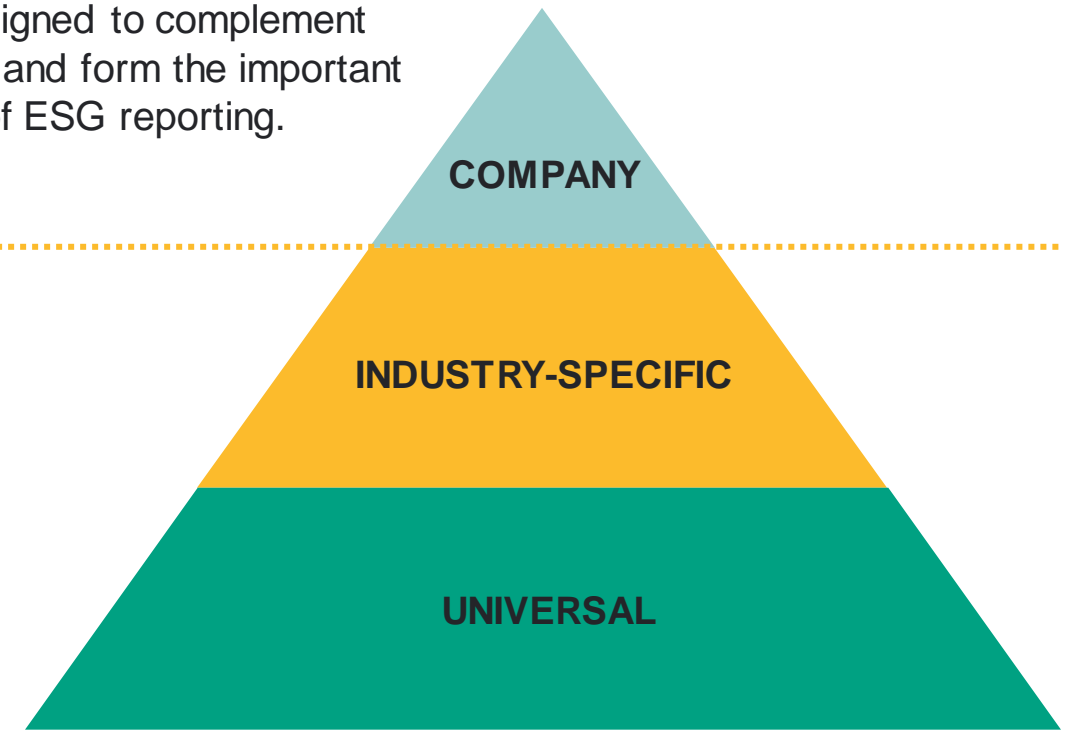


**Universal**

# Metrics for Mobile: The industry ESG framework





The World Economic Forum's Stakeholder Capital Metrics cover many of the issues that are material to the mobile industry. The proposed set of 10 core KPIs are designed to complement these universal metrics and form the important industry-specific layer of ESG reporting.

## Three tiers of ESG reporting



# We have defined a core set of simple, actionable metrics as a starting point for driving consistency and comparability across the industry

## Mobile industry KPIs

INDUSTRY-SPECIFIC	 ENVIRONMENT	 DIGITAL INCLUSION	 DIGITAL INTEGRITY	 SUPPLY CHAIN
	<b>Emissions</b>	<b>Network coverage</b>	<b>Data protection</b>	<b>Sustainable supply chain</b>
	<ul style="list-style-type: none"> <li>Science-based targets</li> <li>» Scope 1, 2 and 3 emissions</li> </ul>	<ul style="list-style-type: none"> <li>» Population covered by mobile network</li> </ul>	<ul style="list-style-type: none"> <li>» Customer data incidents</li> </ul>	<ul style="list-style-type: none"> <li>» Sustainable procurement policy</li> <li>» Supplier assessments</li> </ul>
	<b>Energy</b>	<b>Affordability</b>	<b>Digital rights</b>	
	<ul style="list-style-type: none"> <li>» Energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>» Device and subscription affordability</li> </ul>	<ul style="list-style-type: none"> <li>» Digital rights policy</li> </ul>	
	<b>Waste reduction</b>	<b>Digital skills</b>	<b>Online safety</b>	
	<ul style="list-style-type: none"> <li>» Materials repaired/reused</li> <li>» Waste generated</li> <li>» Materials recycled</li> </ul>	<ul style="list-style-type: none"> <li>» Digital skills programmes</li> </ul>	<ul style="list-style-type: none"> <li>» Online safety measures</li> </ul>	
			<ul style="list-style-type: none"> <li>» Yes/no questions</li> <li>» KPIs</li> </ul>	

## Stakeholder Capitalism Metric Themes

 PLANET	 PROSPERITY
<ul style="list-style-type: none"> <li>Climate change (GHG emissions and TCFD implementations)</li> <li>Nature loss</li> <li>Fresh water availability</li> </ul>	<ul style="list-style-type: none"> <li>Employment and wealth generation</li> <li>Innovation of better products and services</li> <li>Community and social vitality</li> </ul>
 PRINCIPLES OF GOVERNANCE	 PEOPLE
<ul style="list-style-type: none"> <li>Governing purpose</li> <li>Quality of governing body</li> <li>Stakeholder engagement</li> <li>Ethical behaviour</li> <li>Risk and opportunity oversight</li> </ul>	<ul style="list-style-type: none"> <li>Dignity and equality</li> <li>Health and well-being</li> <li>Skills for the future</li> </ul>

UNIVERSAL

# We have defined a core set of simple, actionable metrics as a starting point for driving consistency and comparability across the industry

## Metrics



The KPIs include those that are more established and focused on **enterprise value**, such as emissions and energy consumption



Also **stakeholder value** or 'impact' KPIs, e.g. device and subscription affordability and digital skills training



Metrics build on universal reporting frameworks and **align to existing standards** (e.g. GRI and SASB)



Where relevant, **a denominator** is used for greater comparability



The World Economic Forum's **Stakeholder Capitalism Metrics** cover many issues deemed material to the mobile industry. Including, diversity and inclusion, business ethics, health and safety, and tax transparency.

# The metrics: criteria

Our proposed industry KPIs are designed to respond to investor needs by enhancing consistency, comparability and impact.

# 1

## Meaningful for stakeholders

The KPI will influence the assessments and decisions of external stakeholders, including investors.



# 2

## Decision-useful

The KPI will influence internal decision making and convey information to the mobile operator that can substantively enhance the company's ability to create value.



# 3

## Comparable

The KPI will enable meaningful peer-to-peer comparisons across geographies, and the definitions and calculation methods are transferable to most companies.



# 4

## Feasible

The KPI can be implemented by the company. It is simple and short, aligns to existing standards where possible, and uses standardised measurements. The underlying methods and approaches are robust and follow accepted approaches.



# 5

## Best indicator

For the given topic, the KPI represents the best indicator of the company's ability to create value in the short, medium and long term.







# The value

These stakeholders agreed that aligning behind globally-relevant industry KPIs will create value for both operators and investors



**Operators** in our working group indicated that, internally, the KPIs will:

- More efficient data collection and reporting
- Enhance strategic investment, capital allocation and new business opportunities
- Support dialogue with external stakeholders
- Underpin the ESG narrative
- Build recognition and trust with clients and customers



**Investors**, standard-setters and other industry stakeholders suggested that the KPIs will:

- More consistent information on ESG performance
- Deeper level of comparability and understanding of the industry
- More enhanced and meaningful dialogues with MNOs
- Better measure the resilience of operators' business models
- Enable operators to take a **proactive position** in providing meaningful material disclosures

# Next steps



## TALK TO YOUR PEOPLE

ESG reporting should be owned by the Board, CEO and CFO – with relevant inputs from functional teams. Ensure there is clarity around what ESG means for corporate strategy, how investments in sustainability contribute to performance, and how the KPIs can help measure success.



## ENGAGE WITH INVESTORS AND OTHER STAKEHOLDERS

Talk to investors about the new framework and help them understand which ESG issues are most material to your organisation

Socialise the KPIs with policymakers, partners or customers in other industry verticals



## ADOPT THE METRICS

Measuring sustainability performance is critical for moving from strategy to execution

Contact the GSMA for tools and support to report the new ESG Metrics for Mobile





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# ESG Metrics for Mobile

Realising value for society  
through common industry KPIs

Find out more:  
[www.gsma.com/betterfuture/esg](http://www.gsma.com/betterfuture/esg)  
**#BetterFuture #ESG**