INTEGRATING SUSTAINABILITY INTO CORE BUSINESS

Summary results of the **GSMA Sustainability Assessment Framework 2020**

OCTOBER 2020

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.

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

Contents

The global mobile market

OPERATOR REVENUES AND INVESTMENT

2019 $1.03tn   2025 $1.14tn

Operator capex of $1.1 trillion for the period 2020–2025 (78% on 5G)

MOBILE INTERNET USERS

2019 $3.8bn   2025 $5.0bn

% of population:

49% 61%

UNIQUE MOBILE SUBSCRIBERS

2019 $5.2bn   2025 $5.8bn

% of population:

67% 70%

TOTAL CONNECTIONS IN THE INTERNET OF THINGS

2019 $12.0bn   2025 $24.6bn

MOBILE INDUSTRY CONTRIBUTION

2019 $4.1tn   2025 $4.9tn

4.7% Total GDP   4.9% Total GDP

MOBILE ECOSYSTEM CONTRIBUTION

2019 $490bn

to public funding (before regulatory and spectrum fees)

JOBS DIRECTLY SUPPORTED BY THE MOBILE ECOSYSTEM

2019

Direct 16m

Indirect +14m

Message from Mats

To achieve the mobile industry's purpose of Intelligently Connecting Everyone and Everything to a **#BetterFuture**, it is vital that every mobile operator recognises their role in sustainable development, integrating global environmental and social needs, while also maintaining robust profitability. The GSMA's Sustainability Assessment Framework is an essential tool to help us compare and understand mobile operator efforts in social and environmental sustainability, and highlight best practice that we can all learn from.

In reviewing the public reporting of the GSMA Board Members on sustainability, this year's assessment shows that 10 of the 25 operators assessed are either in the 'leadership' or 'established' categories, despite the scoring becoming more challenging, as we updated the assessment to meet evolving stakeholder expectations on the issues covered by the Framework. This tells us that companies are not standing still, and as a sector we are constantly adapting and improving. I am pleased to see a number of mobile operators improving their score this year, and two have now moved out of the 'minimum disclosure' category.

COVID-19 will have a long-lasting impact on society. This message resonates in many company reports and communications this year. The pandemic has demonstrated the vital role that the sector provides, delivering robust and secure connectivity to individuals, businesses and governments – a backbone communication infrastructure that enables alternative work arrangements, support for emergency and medical services, and information dissemination. This role continues to evolve, as we move towards supporting critical contact tracing services and utilising the power of big data and AI to drive powerful analytical tools.

Mats Granryd
Director General, GSMA

6   SUSTAINABILITY ASSESSMENT FRAMEWORK

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

Message from Mats

The findings of this assessment, which show an improvement in related disclosures, demonstrate how the mobile sector has embraced the challenge of addressing the UN Sustainable Development Goals. As a sector, we are in a strong position to make a significant contribution to the Goals, particularly in the areas of reducing poverty, improving healthcare and education, and driving sustainable economic growth. To date, mobile broadband networks have extended around the world, meaning that almost a billion new people have connected to the mobile internet since 2015. We recognise that more can be done to maximise impact as we approach 2030. One key goal is to ensure that those not yet connected to the internet, amounting to half of the world's population, connect affordably and safely, and are equipped with digital skills to maximise the new opportunity.

I am proud that the mobile industry is one of the first major industry sectors globally to voluntarily collaborate to agree greenhouse gas emissions reductions, as part of a new GSMA-led initiative to develop a climate action roadmap in line with the Paris Agreement. During the last year, many of the world's largest mobile operator groups agreed to start disclosing their climate impacts, and a decarbonisation pathway for the mobile industry, aligned with the Science Based Targets initiative (SBTi), has been developed. This includes an industry-wide plan to achieve

net-zero GHG emissions by 2050, in line with the Paris Agreement. A decarbonised world will be a digital world, so we must show leadership and take responsibility for driving positive climate action. It is promising to see that Climate Risk is the highest scoring issue in the assessment this year.

I encourage all companies to engage and understand the results of the Sustainability Assessment Framework. Whilst the highest scoring companies still have room for improvement, those in the 'developing' category have access to best practices and guidance to support taking the next steps towards improvement. I look forward to the follow-up discussions with our members, which I believe will benefit both GSMA Board Members and the mobile industry as a whole to further our impact on sustainable development.

> " A decarbonised world will be a digital world, so we must show leadership and take responsibility for driving positive climate action "
>
> **Mats Granryd:** Director General, GSMA

The business case for Operating Responsibly

Being responsible and accountable for environmental and social performance makes business sense in today's commercial environment. Understanding and responding to global trends and working to meet the expectations of consumers and other stakeholders can help manage risks and create opportunities. These may be associated with products or services, day-to-day operations, or external aspects, such as in the supply chain. A company with a clear and comprehensive approach to sustainability will be in a better position to react to change and unlock significant cost savings through sustainability-related operational efficiencies.

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

Ultimately, this 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.

WHAT FACTORS SUPPORT THE BUSINESS CASE FOR SUSTAINABILITY?

- ➔ Profit
- ➔ Access to capital
- ➔ Lower operating costs and greater efficiencies
- ➔ Enhanced reputation
- ➔ Improved sales
- ➔ Greater productivity
- ➔ Improved recruitment and talent retention
- ➔ Improved risk management
- ➔ New commercial opportunities

> While having sustainability as part of the core business model continues to be key to sustainability leadership, setting ambitious targets and committing to the SDGs is also increasingly recognised by experts and is now seen as an equally significant attribute of leadership

Source: The 2020 Sustainability Leaders
(https://globescan.com/wp-content/uploads/2020/08/GlobeScan-SustainAbility-Leaders-Survey-2020-Report.pdf)

THE SUSTAINABILITY ASSESSMENT FRAMEWORK

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 and drive the sustainability agenda at CEO and C-suite level.

Now in its third assessment year, the framework is constructed to assess not only the performance of the MNO operators themselves but also the interaction of the company with society and the company's response to global challenges and opportunities.
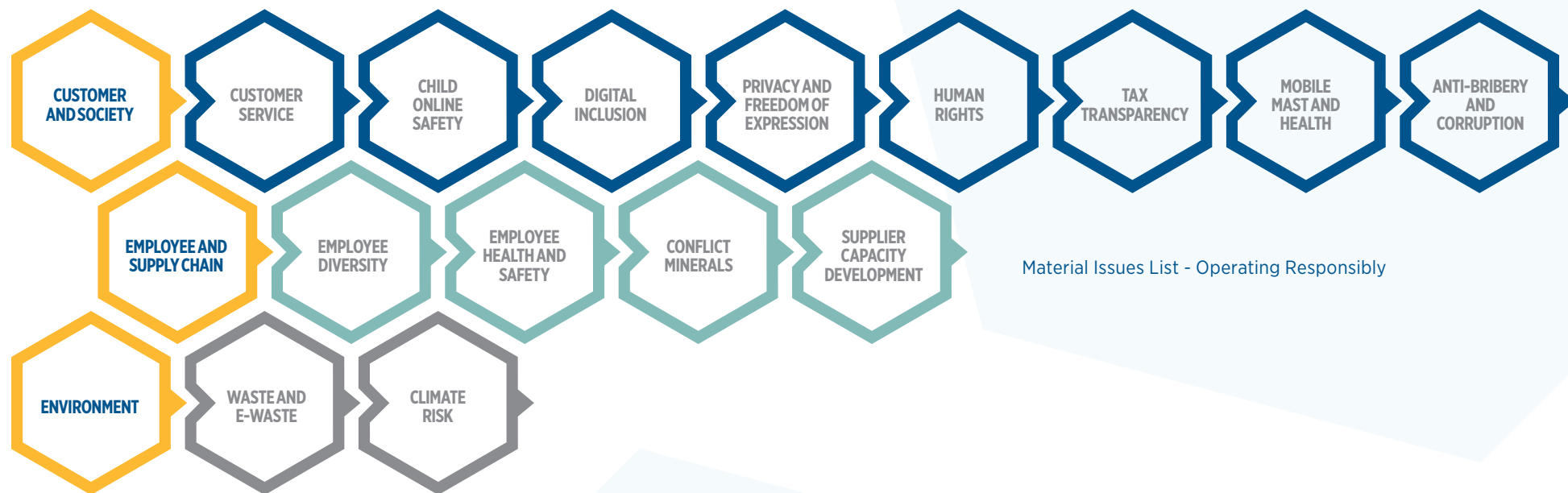
MNOs are approaching today's social and environmental opportunities and challenges in several different ways. By compiling various best practices and evaluating them, it will allow companies to learn from each other. The operator examples used in this report represent a small selection of best practices from across the industry.

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 of the ongoing search for data and other comparable information to show a positive correlation between financial results and strong ESG management and performance.

OPERATING RESPONSIBLY
➜ Customer and Society
➜ Employee and Supply Chain
➜ Environment

THREE PILLARS OF STRATEGIC RELEVANCE

DELIVERING VALUE FOR SOCIETY
➜ Shared Value
➜ Regional context
➜ Social Programmes
➜ Global Goals

VALUES-LED LEADERSHIP
➜ Multi-Stakeholder Leadership
➜ Industry Leadership
➜ Incentive Alignment
➜ Accounting for Sustainability

Message from Mats
The Sustainability Assessment Framework
Overall results
Operating Responsibly
Delivering Value for Society
Leadership
Looking Forward

⊕ METHODOLOGY AND MATERIAL ISSUES

The material issues assessed in the framework are selected based on stakeholder interest and impact on business through research conducted by the GSMA. While recognising every MNO is unique, these issues are common to the sector and relevant to all MNOs. Each issue is described in detail and its relevance to the sector explained in the GSMA Guide to Operating Responsibly, which is further supported by the associated GSMA Advance Training on Driving Sustainable Business in the Mobile Sector.

Material Issues List - Operating Responsibly

CUSTOMER AND SOCIETY — CUSTOMER SERVICE — CHILD ONLINE SAFETY — DIGITAL INCLUSION — PRIVACY AND FREEDOM OF EXPRESSION — HUMAN RIGHTS — TAX TRANSPARENCY — MOBILE MAST AND HEALTH — ANTI-BRIBERY AND CORRUPTION

EMPLOYEE AND SUPPLY CHAIN — EMPLOYEE DIVERSITY — EMPLOYEE HEALTH AND SAFETY — CONFLICT MINERALS — SUPPLIER CAPACITY DEVELOPMENT

ENVIRONMENT — WASTE AND E-WASTE — CLIMATE RISK

⊕ METHODOLOGY AND MATERIAL ISSUES

To reflect changing societal expectations, incremental changes were made to the scoring criteria (issues marked with a * in the table on page 15), therefore, a company that made no changes to their approach this year would see a small decrease in its score. To maintain or increase their score a company would need to have improved their disclosure this year. Because of these updates, direct side-by-side comparisons between results each year are difficult to make, however overall trends remain identifiable and are discussed in this Summary.

The assessment is based on publicly available information, such as company Sustainability Reports, Annual Reports, and other online communications. The 25 companies included in this assessment are comprised of the members of the GSMA Board in 2020. The assessment was conducted based on material published, available up to 10 September 2020.

PROMOTING TRANSPARENCY

Companies can have strategies, management systems and performance measurement in place that are not disclosed publicly, however, a fundamental principle of the Framework is transparency. Therefore, only those companies that disclose such information received credit in this assessment.

FOR EACH OF THE SECTOR MATERIAL ISSUES A COMPANY SHOULD;

➔ Describe commitments and make policies available that describe how the organisation addresses each of the sector material issues

➔ Explain how those responsible for delivering against the commitments or ensuring the policy is adhered to are held to account. This should cover both Executive/Board level responsibility and at Operating Company or Management level

➔ Provide examples of how stakeholders engaged on each issue, and crucially, describe how has the company responded to their feedback

➔ Disclose performance data that can support a company's performance in the issue are

➔ Discuss how has this performance changed over time any why?

➔ Describe targets that are in place with regards to the issue. These should be specific and measurable.

COVID-19:

The full extent of the COVID-19 pandemic is still only beginning to materialise and for many companies did not start until the end or even outside of their reporting periods. Therefore the formal criteria were not included in the framework to assess companies' response this year. However, any relevant information on this topic was included as part of the emerging themes under the 'Delivering Value for Society' pillar of the framework.

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

MOBILE PLAYS CENTRAL ROLE IN COVID-19 RESPONSE

New technology-enabled services have supported communities and increased resilience around the world. As natural and manmade disasters increase in their frequency and impact, MNOs, innovation labs and technology hubs around the globe are actively exploring the potential role of mobile technology in preparedness and response. Public and private sector organisations are enhancing their capacity to respond to disasters and strengthen the resilience of affected populations.

As the world moves to adjust to a new way of life, connectivity is more vital than ever. With families spending more time at home and

workplaces transforming towards remote working, mobile operators are responding to this massive increase in data traffic by increasing capacity and providing increased data and voice packages to ensure those connections are maintained MNO's have a big role to play when it comes to containing the spread of COVID-19. For example, some operators are collaborating with national authorities to use aggregated and anonymised movement data to anticipate the spread of the coronavirus. Others are directly supporting vital healthcare services such as remote diagnostics and telemedicine technology, as well as providing education on symptoms, social distancing and local restrictions that are in place.

Due to the timing of the COVID-19 crisis and the majority of the company reports covered the 2019 calendar year, no additional credit was awarded based on COVID-19 response. However, 64% of companies assessed had referred to the pandemic and their response in their annual publications or on separate online websites dedicated to the issue. Providing dedicated network capacity for critical services during the pandemic was the most common contribution MNOs made, followed by capability roll out. Removing data caps and reducing (or removing costs completely) for access to

critical online information for customers was made by 40% of the companies in the assessment.

As the pandemic continues to evolve, companies will need to consider carefully what disclosures to make in future on this topic. Companies will need to balance disclosures on the positive impacts of their response, with information on how they have implemented changes to their businesses such as restructuring, home working, the safety of employees in the office and elsewhere, and other effects on employee and supply chain relationships.

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

Overall results

In the assessment this year, two companies establish a score which categorised them as a leader. For a broad range of material issues relevant for the sector, these companies consistently disclose clear strategies and management arrangements, 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 United Nations Sustainable Development Goals (SDGs).
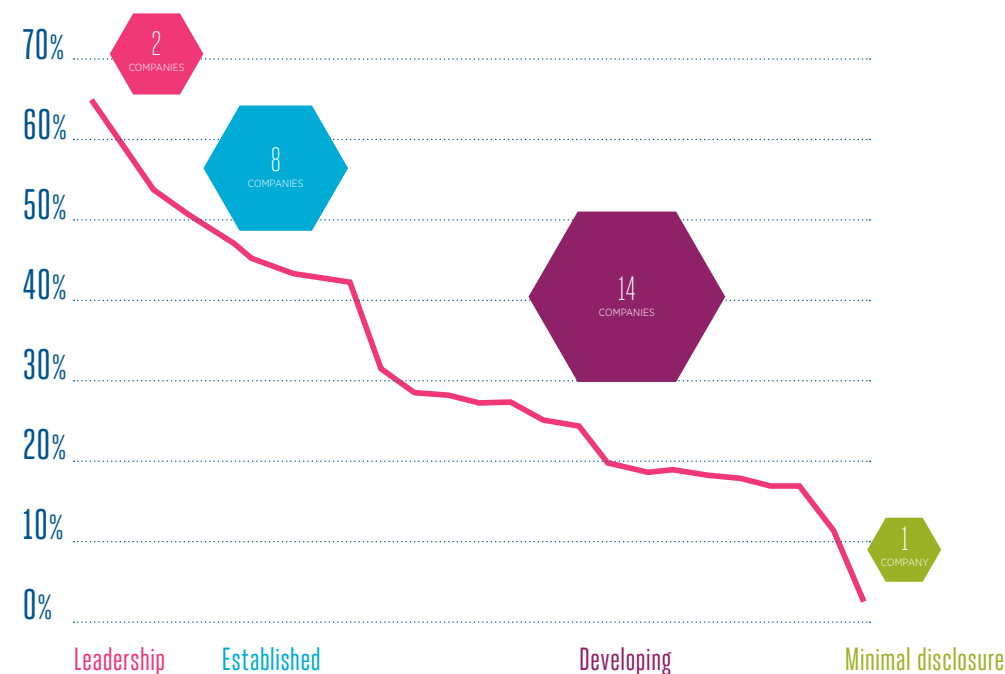
32% companies fall into the 'established' category, typically these companies exhibit leadership behaviour in certain areas, however this is not consistent across all aspects of the framework. 56% of companies fall into the 'developing' categories, typically these companies demonstrate a less consistent approach to disclosure or do not report against one or more material issues, which negatively impacts their score. 4% of companies fall into the

'no disclosure' category, a decrease from 12% last year, as several companies improved their disclosures significantly this year.

Overall, the average score has increased to 32% from 30% last year, despite the scoring criteria becoming more challenging.

AVERAGE SCORE **INCREASE**

TO **32%** FROM **LAST YEAR**

There continues to be a close correlation between the three pillars of the assessment – a high score in the Operating Responsibly pillar is more likely to also receive a higher score in the Delivering Value for Society and Values-led Leadership pillars. This further reinforces one of the fundamental principles of the Framework – operating responsibly is the foundation on which to develop a sustainability approach.

70%

60%

50%

40%

30%

20%

10%

0%

2 COMPANIES

8 COMPANIES

14 COMPANIES

1 COMPANY

Leadership   Established   Developing   Minimal disclosure

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.

Two companies achieved the leadership category, with the majority of companies falling into the established and developing categories. Only one company fell into the minimal disclosure category this year, an improvement on three companies in last year's assessment.

As found in both the 2018 and 2019 assessment, no company consistently demonstrates

leadership across all issues within this pillar. The sector overall could improve performance by ensuring robust management processes are in place and performance is disclosed transparently. Only seven companies cover all material issues and nine companies miss out at least three issues in their disclosures.

70%

60%

50%

40%

30%

20%

10%

0%

2 COMPANIES

7 COMPANIES

15 COMPANIES

1 COMPANY

Leadership   Established   Developing   Minimal disclosure

ISSUE	% OF MAXIMUM SCORE SCORED BY ALL COMPANIES
Climate Risk*	49%
Employee Diversity*	40%
Anti-bribery and corruption*	39%
Customer Service	36%
Privacy and Freedom of Expression*	35%
Digital Inclusion*	34%
Waste and e-waste*	34%
Employee Health and Safety	33%
Supplier Capacity Development	33%
Human Rights	29%
Child Online Safety*	18%
Mobile Mast Health	17%
Tax Transparency*	17%
Conflict Minerals	16%

The results show that five issues remain unchanged in their position relative to other issues compared to last year's assessment. Anti-bribery & corruption, privacy and freedom of expression and child online safety have improved their position, with additional companies identifying and addressing these issues this year and several companies improving the quality of disclosures compared to last year's assessment.

Waste and e-waste has decreased in relation to other issues. It should be noted that the scoring criteria for this issue was updated this year to require a company to demonstrate management of both operational (i.e. internal) waste and consumer (i.e. external) waste streams to achieve the higher scores.

‹ To reflect changing societal expectations, incremental changes were made to the scoring criteria this year for the issues marked with a *

⊕ STRATEGY AND POLICY LEAD THE WAY

A clear strategy or policy statement provides a framework for managing an issue. Policy was the highest scoring disclosure in this year's assessment, with 72% of companies receiving the highest score in at least one material issue by disclosing a clear policy or strategy to manage an issue. 12% of companies received no score in this section, not disclosing any strategy or policy at all, or referencing the existence of one but not disclosing it publicly.

Turning strategy and policy into meaningful actions is important. It allows progress to be reviewed and demonstrates to stakeholders a company performs against a particular issue. Targets and performance

trends were the lowest scoring disclosures in this year's assessment. 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. The disparity between the performance data score and the scores assigned to performance trend reporting highlights the fact many companies are disclosing data, but making no effort to comment on the data, discuss trends and highlight achievements and challenges. This will be of relevance for investors, who need this type of information to better understand the raw data.

POLICY
53%

PERFORMANCE DATA
38%

ENGAGEMENT
36%

GOVERNANCE
34%

TARGETS
13%

PERFORMANCE TREND
2%
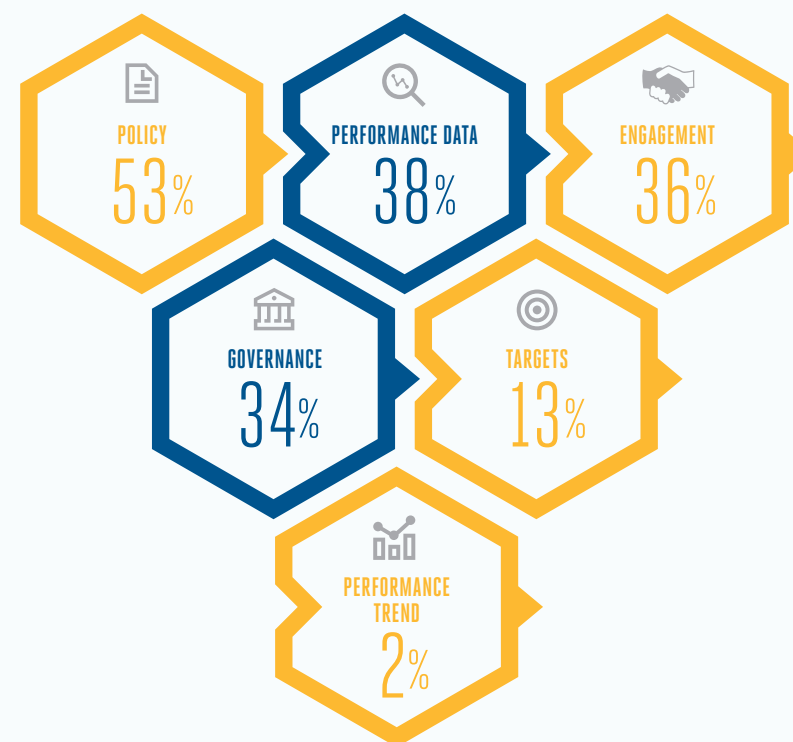
Management Element Score

⊕ DIGITAL INCLUSION

The mobile industry plays a critical role in driving digital inclusion. Mobile is the primary way most people access the internet and, **by the end of 2019 had already connected over 3.8 billion people to the internet**, almost half the world's population. However, despite the growing importance of connectivity, billions of people around the world are yet to be connected. The unconnected population are disproportionately poorer, less educated, rural, female and persons with disabilities. While connectivity continues to increase there is a coverage gap with **just over 600 million people still not covered by a mobile broadband network**.

Key to extending networks will be reducing regulatory and cost barriers to deployment, which can be twice as expensive with revenues up to ten times lower than in urban areas. There is a significantly larger usage gap with approximately 3.4 billion people who live in areas covered by a mobile broadband network but do not use it due to key barriers such as a lack of awareness, affordability, and a lack of literacy and digital skills.

3.4 BILLION PEOPLE IN AREAS COVERED BY MOBILE BROADBAND BUT DO NOT USE IT

⊕ DIGITAL INCLUSION

Bridging the persistent digital divide is more important than ever in the current context. The SDGs reflect a global consensus on the importance of connectivity as a key enabler and critical tool to accelerate the achievement of the Goals. The importance of digital inclusion and the vital contribution the sector is able to make to society has been particularly highlighted by the response to COVID-19. Removing data caps and reducing (or removing) fees for access to critical online information has helped ensure all members of society remain connected.

The assessment found 48% of companies publicly disclose a digital inclusion policy or clear strategic commitment for diversity. 66% disclose performance data, which typically describe the scale of digital inclusion programmes and 33% set digital inclusion targets.

OVER 600 MILLION STILL NOT COVERED BY MOBILE NETWORK

DIGITAL INCLUSION AT AT&T

AT&T address both the infrastructure barriers and access to services. In a clear position statement, the company says "We remain committed to increasing digital inclusion for rural areas and undersubscribed populations and to offering innovative and accessible products and services to meet a variety of disability- and age-related needs." A Universal design statement clearly sets out a commitment to ensure products and services are usable by the broadest possible audience. Governance arrangements for digital inclusion are comprehensive, with a Chief Accessibility Officer overseeing a team of Accessibility Champions and Coordinators, who work with their teams across the business to enhance accessibility at all stages of product development. Examples of stakeholder engagement and multi-stakeholder initiatives are also described, including participation in a Federal Communications Commission (FCC) program, and collaborating with the U.S. Department of Housing and Urban Development (HUD) on its ConnectHome USA program.

⊕ CLIMATE ACTION - NET ZERO BY 2050

Through mitigating their own emissions and advancing mobile technology innovations, the mobile industry has a significant opportunity to play a central role in addressing global climate change and stimulating the shift for societies towards a low carbon economy.

Investor expectations on climate change are evolving. Increasingly companies are being asked to demonstrate clear commitments and progress in reducing emissions, as well as showing they have properly accounted for the costs associated with climate change. The Task Force for Climate-related Financial Disclosure (TCFD) is developing voluntary and consistent financial disclosures for companies to measure climate risks. It also explains how a business should account for its physical, liability and transition risks from climate change to investors, lenders, insurers and other stakeholders.

The mobile sector is taking collaborative action to be fully transparent about the industry's own climate emissions and has developed an industry-wide climate action roadmap to achieve net-zero greenhouse gas (GHG) emissions by 2050, in line with the Paris Agreement. The new Science-Based Target (SBT) for the mobile sector is the result of a collaboration between the ITU, GeSI, the

GSMA, and SBTi to develop a sector-specific decarbonisation pathway that allows ICT companies to set targets in line with the latest climate science. It includes emissions reduction trajectories for mobile, fixed and data centre operators to meet the ambitious Paris Agreement goal of limiting global warming to 1.5°C, designed to substantially reduce the risks and effects of climate change. The switch to renewable electricity is expected to account for the bulk of reductions to 2030, alongside efforts by operators to become more energy efficient.

While the mobile industry is taking meaningful steps to reduce its own emissions, it is having an even larger effect supporting other sectors to reduce their emissions. This is through efficiencies created by the use of smart connected machine-to-machine technologies and behaviour change. The 2019 Enablement Effect **https://www.gsma.com/ betterfuture/enablement- effect** report estimated the emissions savings were almost ten times greater than the global carbon footprint of the mobile industry itself.

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

CLIMATE ACTION - NET ZERO BY 2050

Unchanged from the 2019 assessment, climate risk was the highest scoring issue in the Operating Responsibly pillar. Many mobile operators have been addressing issues related to climate action for some time, disclosing performance data and setting targets for emissions reductions. 95% disclose data relating to emissions, up from 84% in last year's assessment, with 84% reporting emissions through the CDP. The assessment found 52% of companies have set carbon reduction targets in line with this 'net zero by 2050'

sector pathway and a further 20% have committed to establishing and setting a target that aligns with this goal.

The highest scoring companies are also seeking to respond to investor expectations, disclosing their climate change risks in line with TCFD recommendations. 29% of companies in the assessment disclosed these risks, while 8% have made the commitment to report in this way in the future.

ORANGE TARGETS NET ZERO BY 2040

Orange set itself a target of achieving net zero carbon emissions by 2040, 10 years earlier than the sector decarbonisation pathway.
To achieve this, an initial goal is set to reduce CO2 emissions by 30% from 2015 to 2025. A further supporting goal is to increase the share of renewable energy to 50% of the Group's energy mix by 2025. Orange aligns its publications with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and has established a special monitoring committee to conduct "in-depth analysis of the risks related to climate change and to the ecological transition and to identify projects that must be implemented to better fulfil the recommendations of the TCFD".

" Climate is the defining issue of our time and taking the right course of action has never been more important. A decarbonised world is a digital world and we are calling on every sector of the global economy to work with us to rise to this challenge "

Mats Granryd: Director General, GSMA

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

WASTE AND CIRCULAR ECONOMY

One of the biggest impacts the mobile industry has on the environment is linked to the manufacture and use of devices and equipment. Around 54 million tonnes of e-waste are produced every year and that figure is rising rapidly. Although mobile phones form a small proportion of overall e-waste by weight, they are more valuable than some other waste streams because of the rare earth minerals and metals within them.

Although MNOs themselves do not manufacture mobile phones, they have a responsibility towards minimising waste generated. The mobile industry is

committed to improving the sustainability of devices by moving away from linear business models of mine-manufacture-use-dispose, and towards more circular business models that repair, reuse and recycle equipment. These circular business models treat unwanted equipment as sources of material for other uses, rather than as waste.

The assessment found 48% of companies disclose a waste policy or strategy. Performance data covering their own company generated waste or consumer driven waste streams was published by 48% of companies, however only 20% covered both elements.

DEUTSCHE TELEKOM AND THE CIRCULAR ECONOMY

Deutsche Telekom publishes its International Waste Management Framework that applies to all their Operating Companies around the world. Various stakeholder projects to raise awareness of opportunities to reuse equipment, including engaging with consumers, are described through their communications.
The percentage of mobile devices recovered and either reused or recycled is calculated, as well as end of life recycling rate. Waste generated from their own companies is also reported, covering technical waste, paper, residual and hazardous waste.

MOBILEMUSTER WORKING COLLABORATIVELY TO COMBAT WASTE

MobileMuster is the only not-for-profit government accredited mobile recycling program in Australia and is funded solely by the mobile phone industry's members, including Telstra. The aim of the program is to keep old mobiles and accessories out of landfill and ensure they are recycled safely, securely and ethically. Nothing is resold and all data is destroyed.

Message from Mats

The Sustainability Assessment Framework

Overall results

Operating Responsibly

Delivering Value for Society

Leadership

Looking Forward

⊕ DIVERSITY

Companies that actively promote diversity and equality in the workplace can generate significant benefits for the company, its employees and wider society. The company can gain access to a larger and more diverse pool of potential employees, improve the attractiveness of the organisation as a fair employer, and increase employee retention through equality in their approach to career development and remuneration. They also demonstrate responsiveness to global societal trends, as movements such as Black Lives Matter force companies to question how they themselves address inequality. Greater equality promotes social stability and supports further economic development.

The assessment found 48% of companies publicly disclose a diversity policy or clear strategic commitment for diversity. 72% disclose supporting performance data and 33% have set diversity targets. The assessment also found a broadening of the depth of the issue as companies transition from thinking about diversity solely as a gender issue to one that considers age, disability, religious persuasion and race. 66% of companies disclosed data beyond gender this year.

DIVERSITY AT VERIZON

verizon✓

Verizon provide a range of diversity indicators covering gender diversity, people of colour, race and ethnicity. Pay ratio for male and female employees and the percentage of women in senior management are also disclosed. The company's Employee Resource Group serve as ambassadors of diversity and inclusion across the business. Their focus includes community outreach to enable economic inclusion for underserved communities, as well as cultural development to help build an inclusive company culture where everyone can thrive on their uniqueness and contribute to the business.

⊕ DIVERSITY

The highest scoring companies provide a group level policy (or clear commitments and strategy) that addresses proactive measures to address diversity. Importantly, they demonstrate commitment to an internationally recognised sustainability framework (in the case of gender-based diversity, the UN Women Empowerment Principles). They also demonstrate a clear commitment from leadership for diversity and describe activities that clearly address relevant barriers.

TWICE A YEAR
THE GROUP EXECUTIVE COMMITTEE
REVIEWS VODAFONE'S GENDER BALANCE

VODAFONE: CLEAR COMMITMENT TO DIVERSITY

vodafone

Vodafone demonstrate a clear commitment from leadership in addressing diversity. The Group Chief Executive, Nick Read, acts as a corporate champion for the UN Women's global solidarity movement for gender equality, HeforShe. Interestingly the company tackles two aspects of diversity; within the organisation itself and within the customer base through their programme "changing women's lives through mobile". Governance arrangements for this issue are well described. HR directors in local markets and professional functions use quarterly analysis to identify and address challenges. Twice a year, the Group Executive Committee (ExCo) reviews Vodafone's gender balance and discusses key initiatives to increase the proportion of female employees.

This year, Vodafone Foundation commissioned research to explore the impact of domestic violence and abuse in the workplace. In response to the issues highlighted by the research, Vodafone Foundation announced the international expansion of Bright Sky, a free app that provides information and advice to those affected by domestic abuse. The 2019 Bloomberg Gender-Equality Index recognised Vodafone as one of the top companies globally leading the way towards more equal, inclusive workplaces.
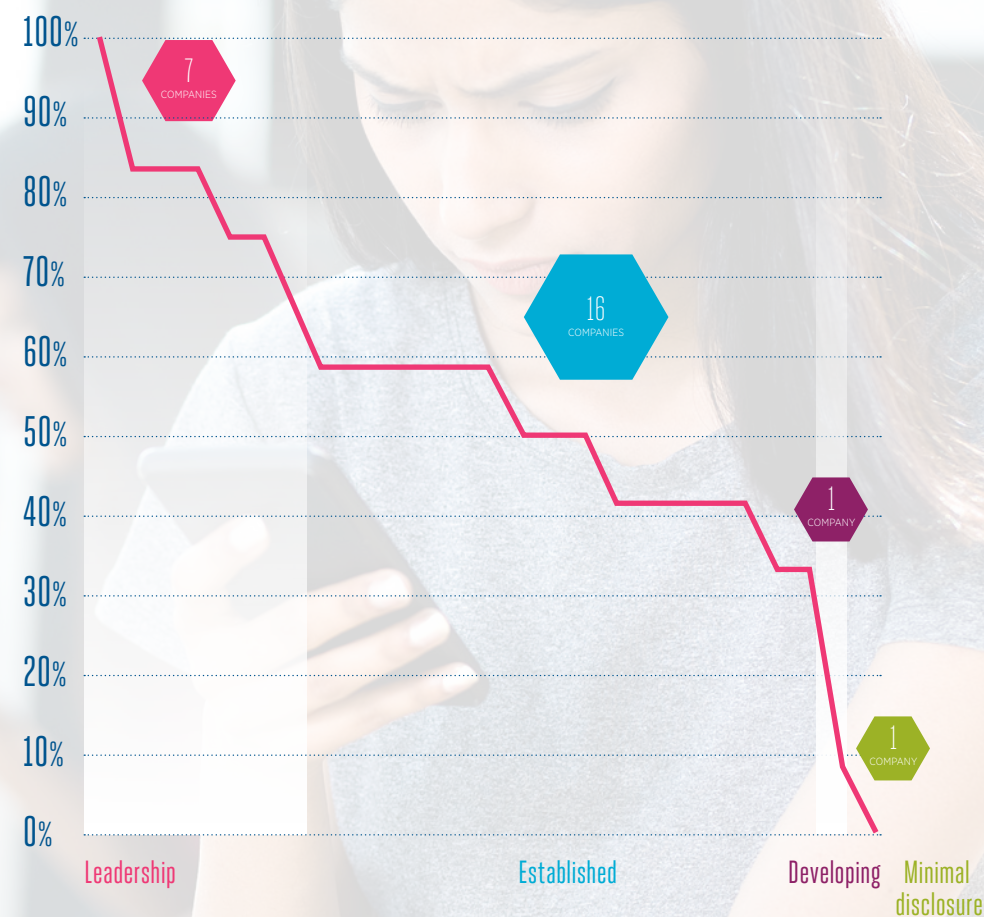
Delivering Value for Society

THIS PILLAR ASSESSES THE EXTENT TO WHICH A COMPANY CAN DEMONSTRATE A CLEAR CONNECTION BETWEEN ITS CORE BUSINESS AND POSITIVE OUTCOMES FOR SOCIETY, INCLUDING:

→ **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 local challenges and needs are considered; and**

→ **Alignment with, and contribution to, the UN SDGs.**

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

The scores for Shared Value have decreased slightly this year, as a result of the scoring criteria becoming more challenging this year. However, there was an improvement in SDG reporting; more companies are disclosing how they are addressing specific SDG indicators, rather than limiting reporting to the top level 17 Goals.

Chart y-axis: 100%, 90%, 80%, 70%, 60%, 50%, 40%, 30%, 20%, 10%, 0%

Markers:
- 7 COMPANIES
- 16 COMPANIES
- 1 COMPANY
- 1 COMPANY

X-axis: Leadership   Established   Developing   Minimal disclosure

UN SUSTAINABLE DEVELOPMENT GOALS (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.

The mobile industry became one of the first sectors in the world to commit to the SDGs, and since 2015 600 million people have started using a mobile phone and 1.1 billion people started using mobile internet. The introduction of 5G services is also expected to enable new technologies and innovation around AI, IoT and big data that will further accelerate goals such as greater inclusion and equality across both developed and developing countries.

A positive observation from the assessment this year is 84% of companies assessed disclose some information on how the organisation impacts the most relevant SDGs for their organisation, an improvement from 76% in last year's assessment. Providing evidence that companies are increasingly aligning their business approach to the SDGs, 40% of the companies assessed this year publicly reported their impact on the SDGs at indicator level, compared to only 20% last year, demonstrating a real commitment to addressing and quantifying performance against specific SDGs.

TELENOR SDG IMPACT REPORTING

Telenor produces a six-page **SDG Impact Assessment report** that details the company's approach to identifying the most important goals. Telenor identifies key goals in the Report;

"Providing access to our services includes amongst others providing access to education (SDG 4) striving to ensure women's full participation and equal opportunities (SDG 5), and enabling smart services with potential to cut global carbon emissions (SDG 13)".

The report also highlights raising standards across their operations including, amongst others, improving working conditions in their supply chain contributing to SDG 8 and leveraging partnerships for the goals (SDG 17). For each goal, one or more indicators are identified.

⊕ SOCIAL IMPACT REPORTING

Community investments by companies has evolved over the past 30 years towards a more holistic, strategic approach. The best examples demonstrate carefully measured and tangible social impacts relevant to the region where the programme is focused.

It is encouraging that all companies in the assessment reported active social and community engagement programmes. They describe examples of programmes and the investments made, which could be in the form of financial contributions, the number of beneficiaries or service and product donations

made. Few companies demonstrated impact measurement of their social programmes required to achieve the highest score in this section; 12% of companies assessed described quantifiable benefits of the programmes, an improvement from 8% in last year's assessment.

IMPACT ON POVERTY ❓

Bharti Airtel describe "Innovation on Education for Poverty Alleviation" as a strategic focus area, which is explained clearly through their communications and placed in the wider context of poverty in India. The company measures and reports the impact of their programmes, disclosing the number of people who have been successfully removed from the registered poverty list in areas where the programmes are in place.

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.

Two companies achieved a Leadership score in the assessment, while four companies scored nothing in this pillar.

gsma.com/betterfuture/sustainable-business
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⊕ ACCOUNTING FOR SUSTAINABILITY

Interest from investors and other key stakeholders in the connection between a company's sustainability programme and core business strategy continues to grow. For some, the two may already be clearly and firmly integrated; for others, the connection may be less clear. The best performing companies provide qualitative information to support their claims and the company may also provide a systematic analysis of cost and expenditure of the sustainability programme, which can then be set in the context of the wider company financial performance. 24% of companies assessed referred to the link between financial performance and sustainability.

SOCIAL PROFIT AND LOSS REPORTING

SK telecom

South Korea Telekom (SKT) calculate their social profit and loss analysis, which measures the social outcomes of a select range of products and services. A total of eight products and services that create social value, enhance customer convenience, eliminate inequality based on the outcomes in safety, prevent ICT-based crime and support disadvantaged groups are included in the social profit and loss analysis.

⊕ INCENTIVISING FOR SUSTAINABILITY

The assessment identifies organisations that have aligned incentives for its employees, managers, and executives with environmental and social performance. 36% of companies describe incentives for at least one employee category (employees, managers, board level) were aligned with social and/or environmental performance. Only 8% of companies describe incentives across all three groups.

LINKING PERFORMANCE TO REMUNERATION AT VERIZON

verizon✓

Since 2014, a portion of the short-term incentive compensation of Verizon's executives and all management employees has been tied to year-over-year improvement in reducing Verizon's carbon intensity. For employees, a short-term incentive plan includes diversity metrics.

TELEFONICA VARIABLE REMUNERATION

Telefónica

Telefonica include climate, gender diversity and customer trust performance indicators as part of the variable remuneration for all employees.

INTEGRATED REPORTING AND SHARED VALUE

Integrated Reporting is one approach to annual reporting that seeks to provide a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value in the short, medium and long term. The assessment found an increase in Integrated Reporting, with 28% of companies publishing an Integrated Report, up from 19% in last year's assessment.

Only three companies producing an Integrated Report demonstrated a clear description of what the concept of 'shared value' means to their organisation, leading to the observation that companies are not fully applying the Integrated approach to reporting.

Shared value is a concept by which companies identify business opportunities from social challenges and bring these activities into their core business. MNOs have strong potential to demonstrate shared value, because their

products and services are so intrinsically linked to positive social outcomes. Emerging evidence, although still limited and company-specific, suggests that companies that successfully implement strategies to create shared value can deliver superior shareholder returns. 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.

Across the assessment, 19% of companies were awarded the highest score for shared value. These companies were able to demonstrate shared value by quantifying or providing other evidence of mutual value to the company and stakeholders for one or more material issue. They were able to show this was a company-wide approach, central to the core financial success of the business and not ad-hoc examples of fringe projects.

Looking forwards

Despite the many uncertainties, it is clear all companies will need to account for their ongoing response to the COVID-19 pandemic in next year's reporting. COVID-19 is affecting all aspects of corporate life, in both positive and negative ways. Products and services are changing, workforces are transforming and many are now working from home instead of offices. In addition to COVID-19, many other challenges have increased in importance, including climate change, gender and racial equality, and plastic waste to name a few. The ways in which

companies have sought to balance their actions on these issues, with their response to COVID-19, will become an important dimension companies should be transparent about.

The interactions between sustainability and core financial success will become ever more important: many companies have seen reduced revenues over the past year, potentially putting investments in sustainability actions at risk. As everyone adjusts to a new normal, so companies will need to adjust disclosures and be prepared to account for their response to the events of the last year.

The GSMA stands ready to work with member companies in support of this goal; building on the ability of the sector to contribute towards a more sustainable future.