THE
GSMA Sustainability
Assessment Framework 2021

#BetterFuture

Contents

About the GSMA

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 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.

Global Market

UNIQUE MOBILE SUBSCRIBERS
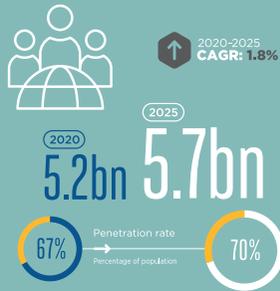
2020-2025 CAGR: **1.8%**

(2020) **5.2bn**   (2025) **5.7bn**

67% Penetration rate Percentage of population 70%

MOBILE INTERNET USERS

2020-2025 CAGR: **4.3%**

(2020) **4.0bn**   (2025) **5.0bn**

51% Penetration rate Percentage of population 60%

SIM CONNECTIONS

(excluding licensed cellular IoT)

2020-2025 CAGR: **1.7%**

(2020) **8.1bn**   (2025) **8.8bn**

103% Penetration rate Percentage of population 107%
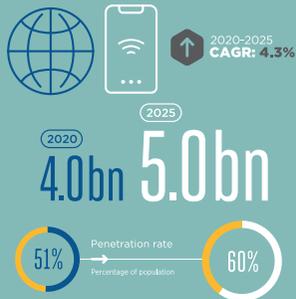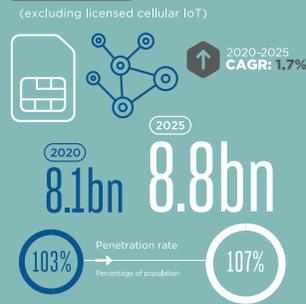
OPERATOR REVENUES AND INVESTMENT
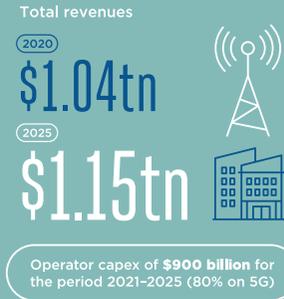
Total revenues

(2020) **$1.04tn**

(2025) **$1.15tn**

Operator capex of **$900 billion** for the period 2021–2025 (80% on 5G)

4G Percentage of connections (excluding licensed cellular IoT)

(2020) 56%   (2025) 57%

SMARTPHONES

(2020) 68%   (2025) 81%

Percentage of connections (excluding licensed cellular IoT)
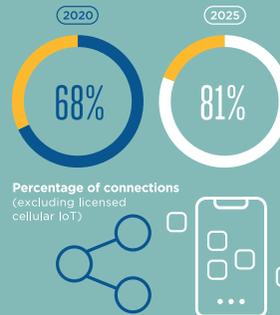
MOBILE INDUSTRY CONTRIBUTION TO GDP
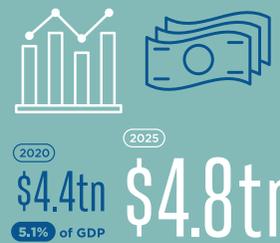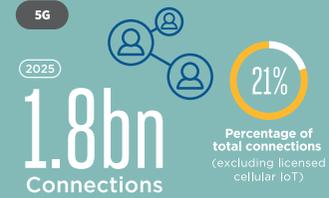
(2020) **$4.4tn** 5.1% of GDP   (2025) **$4.8tn**

5G

(2025) **1.8bn** Connections

21% Percentage of total connections (excluding licensed cellular IoT)

INTERNET OF THINGS

(2020) **13.1bn** Total connections

(2025) **24.0bn** Total connections

PUBLIC FUNDING

(2020) **$410bn**

Mobile ecosystem contribution to public funding (before regulatory and spectrum fees)

EMPLOYMENT

Jobs directly supported by the mobile ecosystem

(2020) **12m**   +13m jobs supported indirectly
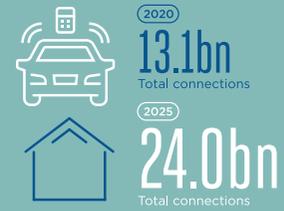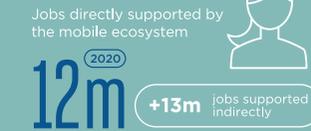
Sustainability Assessment Framework 2021 - Message from Mats

I am delighted with the results of this year's Sustainability Assessment Framework, which again shows an improvement in annual average score. It is rewarding to see an increase in the proportion of companies in the top two scoring categories – 'leadership' and 'established'. The result is all the more impressive given the impact of Covid-19 on business from both an operational and reporting perspective.

This Framework continues to evolve, as we adapt the scoring criteria to changing societal expectations. This year, we conducted another materiality review to update our appreciation of the core Operating Responsibly issues which form a key component of the assessment, and we see strong scores in updated issues including Climate Impact, Business Ethics, Privacy & Cyber-security and Responsible Employer.

Mobile technology is critical for addressing our most significant global challenges. Last year's assessment showed how the mobile sector responded to Covid-19, delivering robust and secure connectivity to individuals, businesses and governments, supporting critical contact tracing services, and utilising the power of big data and AI to drive powerful analytical tools. Thanks to continual investment in recent years, mobile infrastructure has proved robust and resilient, serving as the cornerstone of continuity and recovery.

The pandemic continues to affect people worldwide and we are witnessing how society and the role of companies, as employers, will evolve. In our assessment, we found multiple examples of companies focussing on employee wellbeing and carefully considering how to prepare their workforces for the future. Higher scoring companies clearly understand how the workplace has changed in the past two years, and are responding with training in new ways of working, raising awareness of mental health issues and ensuring management and leadership functions remain effective, whilst working remotely.

In 2019, the GSMA, with the support of its Board Members, launched an industry-wide Climate Action Programme to work towards net zero GHG emissions by 2050, in line with the Paris Agreement. The Assessment Framework scores

Mats Granryd
Director General, GSMA

Sustainability Assessment Framework 2021 - Message from Mats

reflect the positive impact of this initiative, with improved disclosure and target setting amongst our Board Members. The mobile sector will play a central role in addressing global climate change, both by reducing our own emissions but more crucially by helping to reduce the emissions of our customers through products and services. The assessment includes examples of communications on climate action and examples of Shared Value, as companies demonstrate the connection between core business and societal benefits. As our understanding of corporate sustainability continues to evolve, the 2021 assessment also shows that mobile operators need to do more to articulate the potential impact of climate-related financial risk.

These findings will be of interest to Board Members included in the assessment, as well as the wider mobile industry. It provides a basis for management and performance assessment, promotes transparency in reporting and provides many best practice examples for all companies to reference and learn from. I recommend Board Members 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

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2021 Overall Results

The Sustainability Assessment Framework was launched in 2018 with the aim to create a better understanding of the landscape of mobile operator's efforts in social and environmental sustainability. Designed in collaboration with Yale University, the Framework is constructed to measure sustainable development activities specific to mobile operators in a comparable way, drive the sustainability agenda at CEO and C-suite level, and provide a suite of best practice examples for companies to draw upon.

More information on the framework, scoring methodology and companies included in the assessment can be found on page 31.

OVERALL AVERAGE SCORE INCREASE TO 37% FROM 32% LAST YEAR

6

2021 Overall Results

The overall average score in the assessment this year increased from 32% to 37%. While the companies included in the assessment have changed (see page 31) the 21 companies that have remained unchanged from last year improved in terms of average score, from 34% last year to 38% this year, which provides another indicator of the direction of travel.

Unchanged from last year, two companies establish a score which categorises 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).

Fourteen companies (up from 8 last year) 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. 9 companies fall into the 'developing' category - 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. No companies fall into the 'minimal disclosure' category, compared to 1 last year.

GSMA Board Members
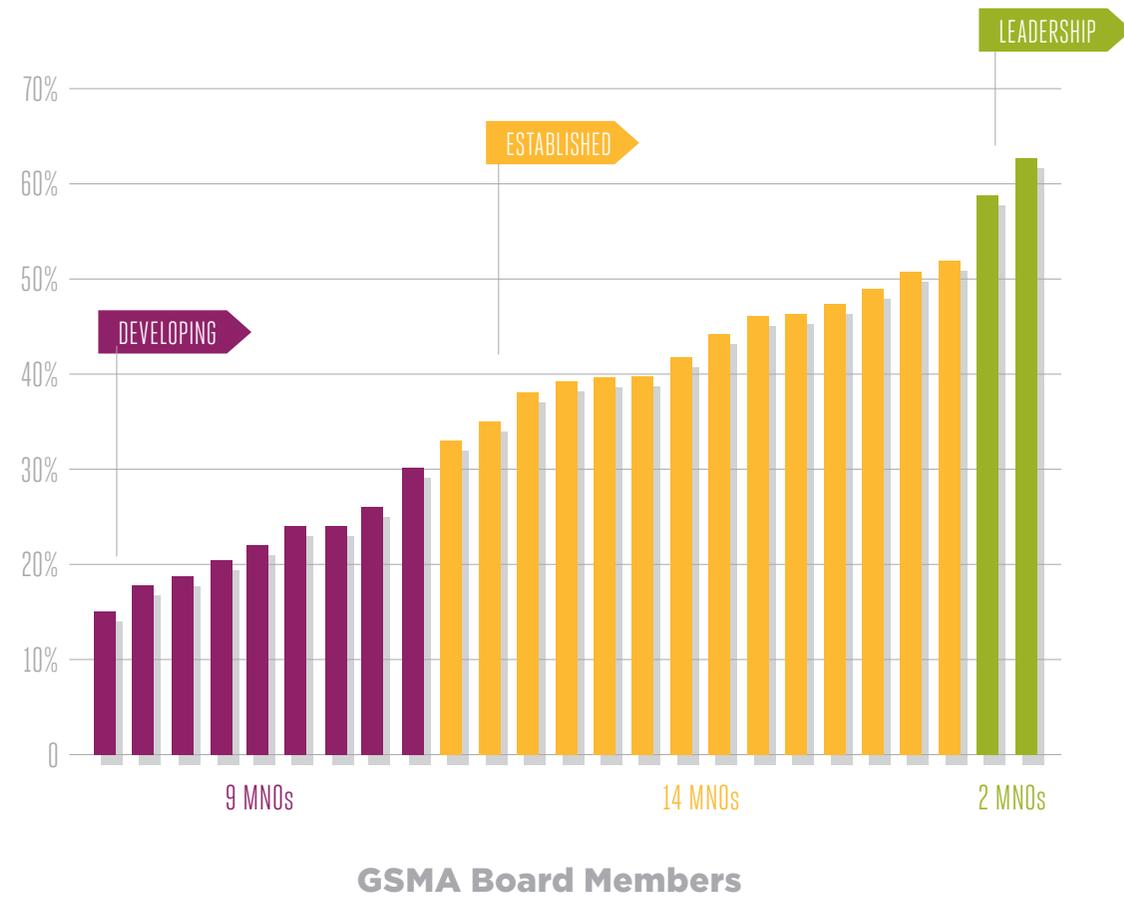
2021 Overall Results

What are the most significant areas of improvement this year?

- Improved overall disclosures on Business Ethics, Privacy & Cyber-security and Responsible Sourcing
- More comprehensive disclosures on strategy and policy statements across all material issues
- Specific and quantitative performance data disclosed for more material issues
- Better examples of stakeholder engagement, specific to each material issue
- Improved explanations of regional context, demonstrating that company social and environmental efforts consider the local challenges and needs of the region in which they operate

What are the most significant opportunities to improve scores?

- Improve overall disclosures on Tax Transparency, Freedom of expression, and Mobile Communications & Health
- Provide better descriptions of governance arrangements for a wider list of material issues, explaining the relationship between Board level accountability and the responsibilities of Management
- Describe suitable targets for all material issues, and describe the trend in performance each year
- Demonstrate real impact or progress against the SDG's using suitable performance measures (more than a high level description of goal alignment)
- Make the connection between the company's sustainability programme and core business strategy, financial performance and the costs/expenditures of the sustainability programme

Pillar 1: 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. Operating Responsibly is the foundation upon which mobile operators' approach to sustainability rests. The GSMA provides guidance and training on Operating Responsibly for mobile operators - **The journey to responsible and sustainable leadership - a guide to Operating Responsibly.** The guidance was updated in 2021.

Overall scores have improved this year, even when taking into account the changes to the GSMA Board membership and material issues update, see page 31 for more details of these changes.

Two companies achieved the leadership category, unchanged from last year. Encouragingly, 14 companies achieved the 'established'

category, up from 7 last year. This corresponds to a drop in companies in the 'developing' category, from 12 to 9. No companies fell into the minimal disclosure category this year, compared to 1 last year.
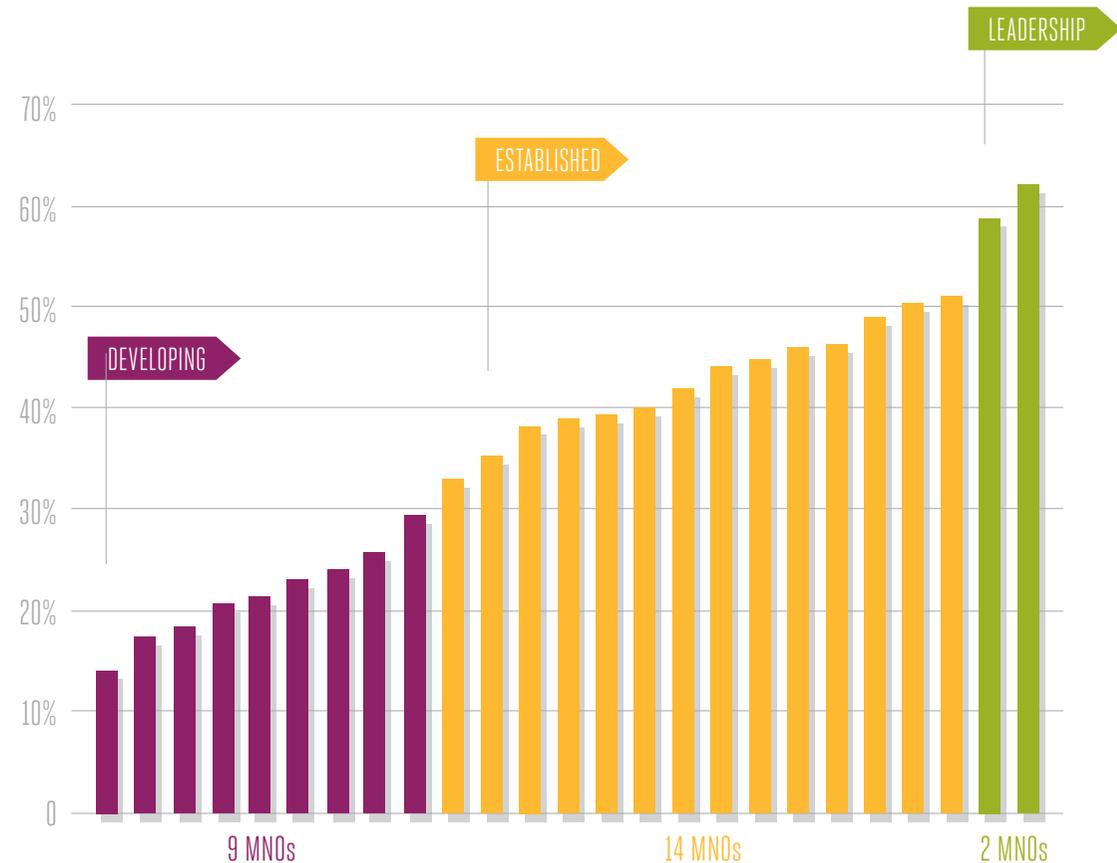
GSMA Board Members

MATERIAL ISSUES

Earlier this year, the GSMA updated its research on the most material issues for the mobile sector. The revised list of 16 issues and associated explanation can be found opposite.

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MATERIAL ISSUE	INDUSTRY AVERAGE SCORE
Climate Impact	57%
Privacy and Cyber Security	50%
Business Ethics	49%
Responsible Employer	48%
Employee Diversity	45%
Digital Inclusion	43%
Responsible Sourcing	43%
Waste and E-waste	43%
Health and Safety	42%
Customer Service	42%
Climate Risk	26%
Tax Transparency	24%
Mobile Communications and Health	21%
Child Online Safety	20%
Supplier Capacity Development	20%
Freedom of Expression	14%

MATERIAL ISSUES

'Climate Impact' and 'Climate Risk' are now regarded as two separate material issues. The difference in scores achieved this year reinforces our decision to separate them. 'Business Ethics' has increased its relative position compared to the previous category (Anti-bribery and corruption in last year's assessment), even though 'Business Ethics' now includes a wider range of specific elements that that include corporate governance, regulatory compliance and political and social advocacy as well.

'Customer Service' sees a relative drop in position, although the % score has increased this year, reflecting the overall improvement in scores. 'Freedom of Expression' is the lowest scoring material issue. Eight companies do not disclose any relevant information on 'Freedom of Expression', whilst the majority cover other issues related to Human Rights, such as 'Responsible Employer', "Employee Diversity' and 'Child Online Safety'. This suggests the companies scoring nothing may not be ignoring the broader issue, but do not specifically reference it in their public reporting. Public disclosure is a requirement to achieve recognition in the assessment methodology.

MANAGEMENT APPROACH

In assessing mobile operators' approach to managing material issues, the assessment methodology sets out a cascading series of requirements, which are described below with the average % score of all companies assessed shown below.

MANAGEMENT ELEMENT	INDUSTRY AVERAGE SCORE
Policy	61%
Performance Data	49%
Engagement	41%
Governance	40%
Targets	15%
Performance Trend	2%

Policy is the highest scoring management element again this year. This assesses the extent to which a company publishes a clear strategy or policy statement which addresses each material issue. No company scores zero in this section, which supports the observation that this is also the most consistent scoring criterion in the assessment. This is a marked improvement on last year, where three companies scored zero in this section.

Targets and performance trends were the lowest scoring disclosures in this year's assessment, again, repeating the trend observed in previous years. The disparity between the performance data score and the targets and performance trend score demonstrates that many companies are disclosing annual trend data but making no effort to comment on the trends (positive or negative), highlight achievements and challenges or set meaningful targets against the KPIs they report.

SPOTLIGHT: CLIMATE IMPACT - NET ZERO BY 2050

In August 2021, and in the run up to COP26, the Intergovernmental Panel on Climate Change, published its **sixth report (AR6)**.

This confirmed that it is unequivocal that human influence has warmed the atmosphere, ocean and land. Human-induced climate change is already affecting many weather and climate extremes in every region across the globe. Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, and, in particular, their attribution to human influence, has strengthened since the Fifth Assessment Report.

Through mitigating their own emissions and advancing mobile technology innovations, the mobile sector will play a central role in addressing global climate change and stimulate the shift towards a low carbon economy. There is an opportunity for the sector to build trust, manage costs as well as meeting investor expectations, reducing risks and innovating to create new markets. The mobile industry's greatest contribution to combating climate change is reducing the emissions of wider industries through **smart connected technologies and behaviour change.**

In 2019 the GSMA, with the support of its Board Members, launched an industry wide Climate Action Programme to work on a path to achieve net zero GHG emissions by 2050 in line with the Paris Agreement. 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.

The assessment framework scores for 'Climate Impact' reflect the positive impact of this initiative and all the companies assessed report carbon emissions data. The assessment found 13 companies also disclose a science-based target[1], following the sector pathway for emission reductions, with 10 companies committed to setting and publishing such a target in future years. Only 5 companies provide a descriptive narrative for their GHG emissions performance trends, which is in line with the overall low score for this management element across the framework. We anticipate this should begin to change, as the companies that have set ambitious carbon emissions targets will have to report annually on progress, prompting more detailed disclosure on performance trends each year.

[1] https://sciencebasedtargets.org

SPOTLIGHT: CLIMATE IMPACT - NET ZERO BY 2050

Deutsche Telecom publish a detailed **Climate Strategy** on their website. Governance arrangements are clear, with the Board of Management ultimately responsible and the GCR managing the issue on a day-to-day basis. Engagement on the issue includes external stakeholders and emissions data available in comprehensive, with country-by-country benchmarks of carbon intensity data available. Scope 1, 2 and 3 emissions are reported, and net zero commitment made for 2040. Deutsche Telecom goes further, committing to net zero for scope 1 and 2 emissions by 2025.

Through efficiencies created using smart connected machine-to-machine technologies, primarily in the buildings, transport, manufacturing and energy sector, the mobile sector is making a significant effect supporting other sectors to reduce their emissions. Mobile communication technology is also enabling behavioural change, reducing travel, and increasing the use of public transport. The 2019 **Enablement Effect** report published by the GSMA, estimated the emissions savings were almost ten times greater than the global carbon footprint of the mobile industry itself. In the more recent **Smart Energy Systems report**, the GSMA describes how the mobile industry will be essential to providing the backbone infrastructure for smart energy, creating platforms that control and optimise the use and storage of renewable energy resources and retire fossil-fuels from the existing energy mix.

SPOTLIGHT: UNDERSTANDING CLIMATE RISK

In our assessment, the material issue 'Climate Risk' considers the extent to which an organisation manages and discloses risks presented by climate change, including resilience of assets, operations, supply chains and services to extreme weather and climatic conditions. Such disclosures should be made in the context of differing future climate scenarios, in alignment with the Task Force on Climate-Related Disclosure (TCFD) recommendations.

Compared to 'Climate Impact' the companies scored relatively poorly for 'Climate Risk'. This observation is not restricted to the mobile sector and reflects a maturing approach to TCFD's requirements, one which we expect to continue to evolve over the coming years. Of the 11 companies that reference a climate risk strategy or policy, 10 publish some level of performance data - for example, disclosing the results of a scenario analysis for physical and transitional risks because of climate change. Only three companies

publish qualitative targets, making aspirational statements, such as, committing to conduct or expand the scope of their scenario analysis, or quantifying the potential financial impact of climate risk.

We anticipate scoring in this section to gradually improve each year, as the level of maturity of reporting on this issue improves. Mandatory reporting requirements look increasingly likely in some regions.

Singtel include a commitment to *"Adopt plans and measures throughout our operations and infrastructure to adapt to and build resilience to the longer term risks of climate change"*, which is incorporated in their **Climate Change and Environment Policy**. The Risk Management Committee and the Board Risk Committee review climate risks, while the Singtel Board is briefed on climate risks using the TCFD Framework. Designated members of the Singtel Management Committee provide oversight and stewardship on Singtel Group's carbon reduction strategy.

Infrastructure resilience during disruption, climate adaptation, and disclosure of physical and transition risks are recognises as issues which are of interest to stakeholders. Partnerships and multi-stakeholder initiatives also described.

Singtel have established a target to "continue to invest in network adaptation and resilience, while disclosing long-term climate change risks and mitigation in line with the TCFD framework"

SPOTLIGHT: WORKFORCE OF THE FUTURE

In some markets, a gradual shift in the nature of the workplace and employee-employer relationship has been underway for several years – not just in the mobile sector. Greater flexibility in working hours, the physical location of work, use of technology and fundamental changes in business processes have all been experienced. The COVID-19 pandemic has radically accelerated this shift.

In the 'Responsible Employer' section of this assessment, we consider to what extent an organisation protects the rights of its employees. It looks at how companies create opportunities for them to realise their potential, provide training and development, manage and retain talent, offer fair remuneration, and are responsive to changing working conditions created by digitalisation. Seven companies score in the 'leadership' category for this section of the assessment.

The higher scoring companies in this assessment have responded more

completely, placing greater emphasis on employee wellbeing. They publish comprehensive strategies, provide a range of performance data, and demonstrate solid engagement mechanisms that include employee satisfaction measurements. Significantly, they also recognise how the workplace has changed in the past two years and put systems in place to train and prepare employees, raise awareness of mental health issues, and ensure management and leadership functions remain effective, whilst working remotely.

In October 2020, **Verizon and Generation announced a new multi-year strategic partnership** aimed at closing the opportunity gap for American workers and expanding access to digital skills. A commitment of over $44 million from Verizon will significantly increase access to a free, technology-focused career training program to help reskill workers. This effort is part of Citizen Verizon, Verizon's responsible business plan for economic, environmental and social advancement, and will build the foundation to reach the company's goal of preparing 500,000 individuals for jobs of the future by 2030.

NTT Docomo describe a programme of 'workstyle reform' in their **2020 Sustainability Report**. Under the 'Health and Productivity Management' initiatives include mental health screening, self-care training and stress checks, all designed to improve the workplace environment. To promote work-life balance, flexible working hours are now in place across more parts of the organisation, and greater allowances made for childcare and nursing care. Tools for supporting employees in balancing work with nursing care are made available, and male employees are encouraged to take childcare leave.

SPOTLIGHT: VALUING DIVERSITY

Under this heading, we consider the extent to which an organisation measures and promotes 'Diversity' in its workforce and management - as well as preventing discrimination in promotion, hiring, training and compensation based on age, gender, disability, religious persuasion, sexuality, race or other characteristics beyond the ability to conduct work.

Companies that manage the issue well 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. In a wider societal context, greater equality promotes social stability and supports economic development.

Twenty-two companies demonstrate a policy or strategy that addresses diversity, with 12 scoring the highest score for a comprehensive strategy that is publicly disclosed. All companies disclose relevant performance data, with the most basic disclosing the proportion of females in the organisation overall. The more advanced reporters present a much more comprehensive set of performance data, covering, for example, the percentage of employees with disabilities and percentage of employees from ethnic minorities. This depth of reporting reflects the broadening of understanding of diversity within society.

KDDI Corporation publish a **Recruiting and Developing Human Resources Policy**, with a diversity and inclusions 'promotion system' that shows a clear governance structure. Cross-industry forums are utilised to raise diversity issues and performance data includes the number of females on the Board, percentage of employees with disabilities and the percentage of graduates hired who are female. Targets are set for the number of female line managers and the usage rate of paid annual leave, to encourage improved work-life balance.

17

SPOTLIGHT: CIRCULAR ECONOMY

The circular economy is a framework of three principles, driven by design: (i) eliminate waste and pollution, (ii) keep products and materials in use and (iii) regenerate natural systems. Circular thinking is increasingly based on using renewable energy and materials, and is being accelerated by digital innovation.

Around 50 million tonnes of e-waste are produced every year, from the overall technology sector, a figure that 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[2].

Progress on circular efforts will be spurred by adoption of new tools, framework and standards. Mobile companies are actively engaging with and supporting new e-waste policies and legislation around the world and creating new reverse logistics supply chains to manage the flow of equipment for recycling. The GSMA ClimateTech Programme[3] that has created an E-Waste Legislative Framework Map[4] to bring together summaries of e-waste policies for 76 countries and the GSMA We Care

Initiative[5] are both examples of industry-led action to improve the management of e-waste.

The assessment found 15 companies disclose a waste policy or strategy, an increase from 12 in the assessment last year. Waste performance data continues to show a mixed picture. While 20 companies disclose data for their own company generated waste, only 4 also publish data on consumer driven waste streams, such as the number of mobile devices recycled.

Evaluating environmental impact of mobile phones

The **Eco Rating** evaluates the environmental impact of the entire process of production, transportation, use and disposal of mobile phones, enabling customers to make informed and more sustainable choices and encouraging suppliers to reduce the environmental impact of their devices. The rating assesses devices' different environmental indicators (e.g. carbon footprint or resource depletion) and material efficiency criteria, which results in an overall score on a scale from 1 to 100. The closer the score is to 100, the better the sustainability performance of the device.

[2] https://www.gsma.com/mobilefordevelopment/blog/understanding-the-mobile-waste-management-efforts-of-mnos-in-emerging-markets/
[3] https://www.gsma.com/mobilefordevelopment/cleantech
[4] https://www.gsma.com/mobilefordevelopment/climatetech/e-waste
[5] https://www.gsma.com/betterfuture/we-care

Pillar 2: 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

▾ 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 and continue to show year on year improvement.

All companies disclose at least some relevant information, with one company scoring a full score and 8 (up from 6 last year) in the leadership category. Those in the top category are distinguished by better impact reporting. They not only report on 'input' into social programmes (sums invested, number of beneficiaries, for example), but go beyond and report measured and quantifiable benefits too. The scores for Shared Value and SDG reporting remain consistent with last year's assessment.

GSMA Board Members

ABOUT THE GSMA | MESSAGE FROM MATS | OVERALL RESULTS | OPERATING RESPONSIBLY | DELIVERING VALUE FOR SOCIETY | LEADERSHIP | ABOUT THE SUSTAINABILITY ASSESSMENT FRAMEWORK

19

SHARED VALUE REPORTING

Mobile operators have great potential to identify and develop products and services that demonstrate genuine shared value, a concept by which companies identify business opportunities in social challenges and bring these activities into their core business. A prime example would be reducing carbon emissions of customers and wider society through the mobile sectors products and services, referred to as the **'enablement effect'**, as discussed on page 14.

Our assessment considers the extent to which the company demonstrates the connection between its core business (operations, products and services) and social benefits such as economic development, community resilience and well-being, financial infrastructure, etc by demonstrating shared values and benefits.

The basis behind the concept is that the competitiveness and the health of society impacted by the company are closely linked. Although many companies say they 'add value', this is only demonstrated through narrative. Their Reporting lacks a description of management or mechanisms such as governance structures, training, policy language, risk management processes, operating management systems or product management systems that show how they 'create value'. The best scoring companies are able to quantify or provide other evidence of mutual benefit to the company and stakeholders for one or more shared value efforts.

Orange explains the concept of Shared Value in their organisation by describing how assets (e.g., people, financial and intellectual) and their ecosystem (e.g. suppliers, partners, society and the environment) contribute to creating value. This is demonstrated in a financial sense, through financial performance reporting and also wider benefits such as providing employment, stimulating innovation, regional development and contributing to net zero carbon and circular economy.

page 70-74 2020 Integrated Report

ABOUT THE GSMA | MESSAGE FROM MATS | OVERALL RESULTS | OPERATING RESPONSIBLY | DELIVERING VALUE FOR SOCIETY | LEADERSHIP | ABOUT THE SUSTAINABILITY ASSESSMENT FRAMEWORK

20

IMPACT REPORTING

The mobile sector is intrinsically linked to the communities and societies in which they operate, from both a 'license to operate' perspective and the transformative power of mobile services to empower communities and economies. Community investment has evolved for many organisations over recent years, from a purely philanthropic approach to something which is strategically integrated and holistic. Regional context is important too, demonstrating that social and environmental efforts consider the local challenges and needs of the region in which they operate

All companies in the assessment reported active social and community engagement programmes, however the depth of reporting varies. Typically, companies highlight activities using case studies, interviews, and stakeholder quotes for a selection of their programmes. Six of the companies demonstrate the ability to measure and report upon programme 'Impact', which is required to receive the highest score. 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, but they only meet part of the requirements for a full score.

Through a series of **Research Reports**, Vodafone quantifies the benefits of key social programmes. For a range of market-based solutions to improve agricultural productivity, the potential incremental increase in agricultural income is measured. Vodafone also considers the potential carbon abatement (the total CO_2 emissions that could be avoided by implementing the service) and the potential savings in freshwater withdrawals too.

In a separate project, Vodafone conducted a survey to understand the impact of its South Africa-based subsidiary, Vodacom Group ("Vodacom") Mum & Baby service. This is a free-of-charge mobile health ("mHealth") intervention that provides subscribers to the service with maternal, neonatal and child health information. Impact measurements include changes in health, increase in breastfeeding rate/duration, increase in immunisation uptake and increase in clinic visits.

SDGs REPORTING

Launched in 2015, the SDGs comprise 17 goals and 169 targets aimed at addressing the world's most significant development challenges. The SDGs provide an important indicator of social norms and needs, creating a useful framework for mobile operators to align with and articulate how their products and services address these global challenges. Each year, the GSMA produces a report on how the industry is contributing to delivery of the SDGs. **(https://www.gsma.com/betterfuture/)**

The COVID-19 pandemic has demonstrated how fundamental digital technologies are to societies and economies everywhere,

bringing new awareness of the power and potential of a digitally enabled world. The continued roll out 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. The sector will play a vital role in the progress that can be achieved globally against the SDGs.

A positive observation from the assessment this year is 23 companies assessed disclose some information on how the organisation impacts the most relevant SDGs for their organisation, an improvement from 21 in last year's assessment. However, fewer companies are reporting their impact on the SDGs at indicator

level, with 8 companies reporting in this level of detail, compared to 10 last year. This suggests that while overall commitment towards the SDGs has improved, the more detailed approach of disclosing performance against the individual indicators is less of a priority for the companies included in the assessment this year.

SDG REPORTING

Telefónica **published an in-depth analysis** of the goals and targets that the organisation can make the most productive contribution to. As part of this analysis, Telefonica reflected on our technical and commercial capacities and the connections between the different SDGs, focusing on three main areas. For each Goal, the relevant indicator is described alongside the KPI Telefonica use to assess their contribution towards the Goal.

Helping society to prosper by encouraging socioeconomic development through digitalisation.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

8 DECENT WORK AND ECONOMIC GROWTH

4 QUALITY EDUCATION
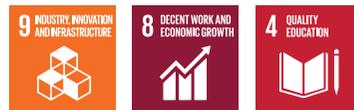
Beyond responsibility: building trust.

5 GENDER EQUALITY

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Creating a greener digital future.

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

GOAL 11
SUSTAINABLE CITIES AND COMMUNITIES

To become a leading provider of siolutions that help our customers reduce their CO2 emmisions. At Telefónica we offer digital solutions to cities to help them solve their biggest challenges, such as smart cities

GOAL 11.6

Reduce the negative environmental impact of cities

- Emissions avoided through Eco Smart services: 9.5 million tCO2

Pillar 3: Leadership

This 3rd 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 linking sustainability to financial performance and provide relevant data and analysis to investors and other key stakeholders.

Unchanged from last year, two companies achieved a leadership score. One company fell into the minimal disclosure category, an improvement from last year (four).

LEADERSHIP

ESTABLISHED

DEVELOPING

MINIMAL DISCLOSURE

1 MNO   10 MNOs   12 MNOs   2 MNOs

GSMA Board Members
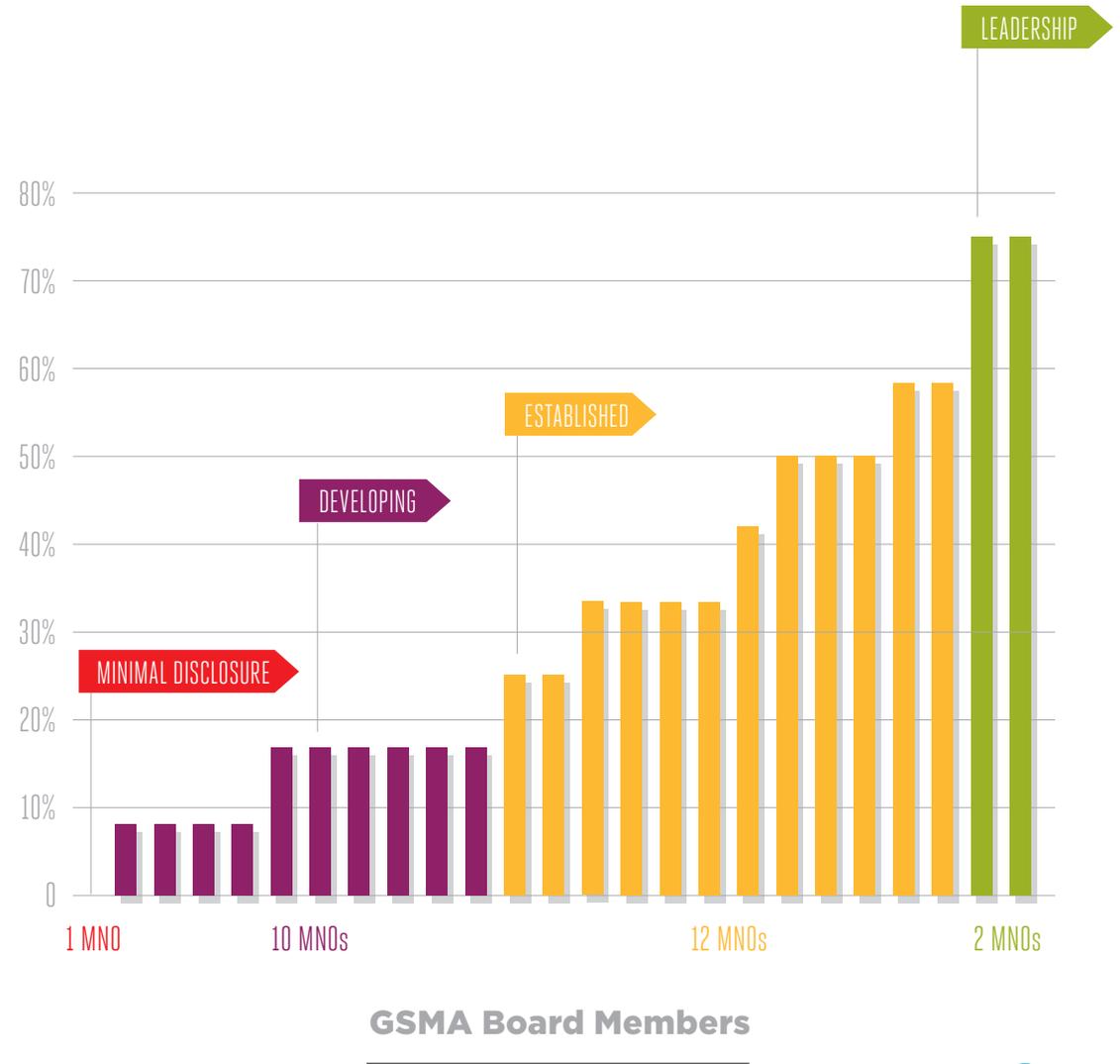
ACCOUNTING FOR SUSTAINABILITY

The connection between a company's sustainability programme and core business strategy is increasingly of interest to investors and wider stakeholder groups. In our assessment, 20% of companies referred to the link between financial performance and sustainability, however this was in general narrative, without indicators to support the claim. To receive the highest score in this section a company would need to provide supporting quantitative information, for example "we derived at least 20% of our revenue from sustainability linked products and services". The company should also provide a systematic analysis of costs/expenditures of the sustainability programme. No company achieved the full score in this section.

INCENTIVISING FOR SUSTAINABILITY

Whilst incentivising employees on company performance is not a new concept, it is less common to find incentives specifically linked to sustainability performance. Ten companies disclose incentives for at least one of the following groups: employees, managers and executives, while only one company describes incentives for all three.

Telefonica describes how Climate, Gender Diversity and Customer Trust are part of variable renumeration for all employees.

MULTI-STAKEHOLDER INITIATIVES

The Twenty-three companies report their participation in multi-stakeholder initiatives (MSIs), demonstrating how they seek to address social and environmental challenges collaboratively. For the lowest scoring companies this is in the form of one-off or scattered examples of MSIs or partnerships. For the highest score, a company should measure and disclose the impact of MSI and partnership efforts on society, the environment and/or the company. For example, providing the number of people trained through an industry effort in entrepreneurship.

Axiata explain how partnerships play a vital role in the achievement of their business and social objectives. Examples include the Humanitarian Connectivity Charter, Connected Women Commitment Initiative and the GSMA Climate Action Taskforce.

26

INDUSTRY LEADERSHIP

Within the overall Leadership pillar, the assessment also gives specific credit for companies that take a leadership role to address *one or more material social or environmental challenges* identified by the industry. For example, following (or exceeding) sector-based pathways for carbon emissions reduction, or taking a leadership role in supply chain sustainability issues on behalf of the mobile sector.

27

ABOUT THE GSMA   MESSAGE FROM MATS   OVERALL RESULTS   OPERATING RESPONSIBLY   DELIVERING VALUE FOR SOCIETY   LEADERSHIP   ABOUT THE SUSTAINABILITY ASSESSMENT FRAMEWORK

About the GSMA 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 Mobile sector and drive the sustainability agenda at CEO and C-suite level.

Now in its fourth assessment year, the framework is constructed to assess not only the performance of

the Mobile operators themselves but also the interaction of the company with society and the company's response to global challenges and opportunities.

Mobile operators 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.

The Framework is intended to highlight sustainability efforts across the mobile industry in a comparable way. It is structured around three strategic pillars that support a sustainable mobile communications industry, as shown in the diagram below.

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

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

THREE PILLARS OF STRATEGIC RELEVANCE

VALUES-LED LEADERSHIP
- Multi-Stakeholder Leadership
- Industry Leadership
- Incentive Alignment
- Accounting for Sustainability
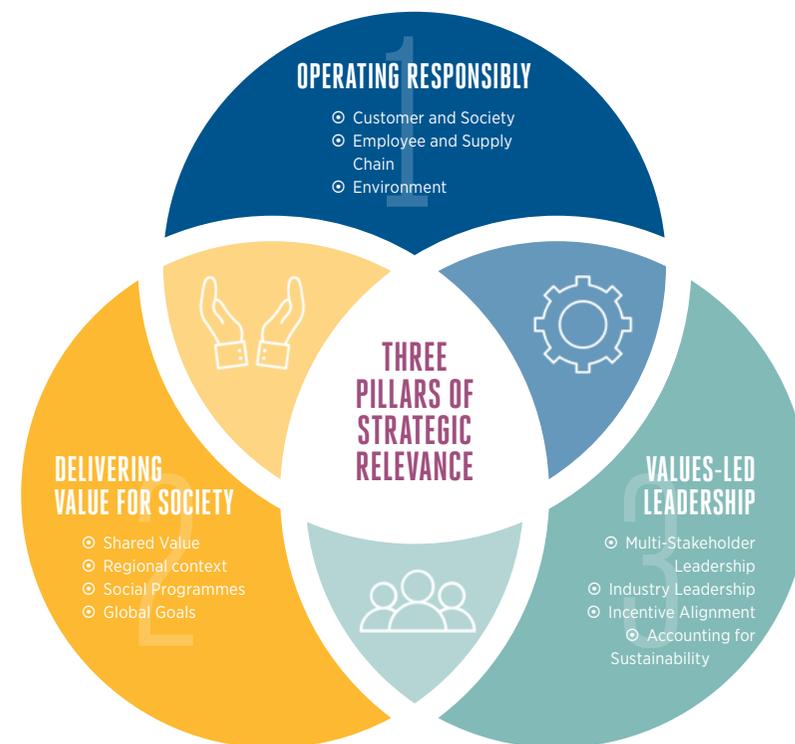
THE BUSINESS CASE FOR OPERATING RESPONSIBLY

Operating Responsibly is not just about doing the right thing for society or the environment — it is also the smart thing to do. 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 in your business. These may be associated with products or services, day-to-day operations, or external matters, such as in the supply chain.

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

More details of these factors are available in **The journey to responsible and sustainable leadership - a guide to Operating Responsibly, page 8 and 9.**

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 mobile operator is unique, these issues are common to the sector and relevant to all mobile operators. 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**.

Earlier this year, the GSMA updated its research on the most material issues for the mobile sector in advance of the 2021 update to its Guide to Operating Responsibly.

Although a big shift in the overall sustainability focus of the sector was not expected, some relevant changes were identified from a review mobile operators and other useful guidance.

The now revised list of 16 issues is outlined below and although there were some changes to the detailed definitions of most issues, a summary of the main changes are as follows:

▾ 'Climate Risk' was split into two risks, 'Climate Impact' which focusses on how a mobile operator identifies, and seeks to reduce, its contribution to climate change, and 'Climate-related Risk' which covers 'how an organisation manages and discloses risks presented by climate change.

Customer and Society	
	Customer Service
	Digital Inclusion
	Business Ethics
	Privacy and Cyber-security
	Freedom of Expression
	Tax Transparency

Employee and Supply Chain	
	Responsible Employer
	Employee Diversity
	Health and Safety
	Responsible Sourcing
	Supplier Capacity Development

Environment	
	Waste and E-waste
	Climate Impact
	Climate Risk

METHODOLOGY AND MATERIAL ISSUES

▸ 'Human Rights' has been removed as a catch-all issue. This is because a number of other issues on the list relate to human rights issues or impacts, such as child online safety, freedom of expression, diversity, health and safety, and supply chain management.

▸ 'Freedom of Expression' has been identified as a standalone issue. It was previously combined with the issue of privacy ('Privacy and Freedom of Expression'). Privacy has now been combined into 'Privacy and Cyber-security' to reflect the increasing importance of cyber-security, especially in relation to individual and data privacy.

▸ The previous issue 'Anti-Bribery and Corruption' has been renamed 'Business Ethics', to reflect a broader collection of ethical issues alongside anti-bribery and corruption, including corporate governance, compliance, and political and social advocacy.

▸ 'Responsible Employer' is new on the list of material issues. It captures both labour rights and other employee issues, such as reward, training and development, and attracting and retaining talent.

▸ Recognising the dialogue on mobile and health is broader than mobile masts alone, the previous issue, 'Mobile Masts and Health', has been renamed 'Mobile Communications and Health' to reflect stakeholder concern and mobile operators' approach and communications on the issue.

GSMA Board Members

airtel · américa móvil · AT&T · axiata

中国移动 China Mobile · 中国电信 CHINA TELECOM · China unicom中国联通 · CK HUTCHISON

Deutsche Telekom · docomo · Jio · KDDI · kt korea telecom · MTN

MTS · orange · Singtel · STC · Telefónica · telenor group

TELSTRA · TIM GRUPPO TIM · V VEON · verizon · vodafone

PROMOTING TRANSPARENT REPORTING

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 2021. The assessment was conducted based on material published up to 31st August 2021.

A fundamental principle of the Framework is transparency. Therefore, only those companies that disclose information received credit in this assessment. We do not review documents that are not publicly available or engage directly with companies in conducting the assessment.

For each material issue (page 10), a company is scored based on the level of detail provided in their reporting. For a full score a company must, for each material issue, fully describe their management approach:

◤ Describe and disclose strategies and/or polices that describe how the organisation address the issue

◤ 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 overall responsibility and at Operating Company or Management level for 'day to day' oversight

◤ Provide examples of how stakeholders engaged on each issue, and crucially, describe how the company responds systematically to their feedback

◤ Disclose performance data that can support a company's performance in the issue area

◤ 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.