

# ESG Fact Sheet Telecoms

# DILIGENCE

ESG SERIES

## Introduction

Environmental, social and governance (ESG) factors have quickly grown to be a critical part of credit analysis in European leveraged finance. Despite the increasing focus on ESG, efforts have been fragmented as the market lacks consensus on the type of ESG disclosure that is necessary.

To foster a discussion about what ESG information investors would like companies to disclose and to build consensus, the European Leveraged Finance Association (ELFA) and the Principles for Responsible Investment (PRI) have arranged a series of workshops with sub-investment grade borrowers, investors, credit rating agencies, private equity sponsors, bankers and lawyers.

The willingness to improve ESG disclosure has been apparent on all sides but borrowers have requested more specific and consistent guidance on what investors would like to see. For further findings from the workshops, please find the related Insights Series reports here.

The ELFA and PRI aim to address the above challenges by publishing industry-level factsheets. The first three will be published in January 2021 with additional sectors to be incorporated into the initiative later in the year. The ESG Fact Sheets reflect the input of industry specific credit analysts, corporate borrowers and credit analysts who discussed the key ESG factors for each specific industry.

**The ELFA and the PRI believe the ESG Fact Sheets can help align market expectations and streamline the disclosure process. They are intended to serve as a starting point for ESG discussion between issuers, the buy-side, the sell-side and third-party service providers, but are not intended to be the definitive industry ESG disclosure standard nor replace customized investor ESG due diligence.**

The ELFA and the PRI expect the Factsheets to evolve over time with the benefit of your feedback. Please send any comments [here](#).

For issuers looking for further guidance around how to disclose ESG factors some of the resources that can be used are:

- The [European Non-Financial Reporting Directive \(NFRD\)](#)
- The SASB [reporting guidelines](#), note that SASB is merging with the IIRC to form the Value Reporting Foundation.
- The [TCFD](#) for disclosure on climate-related risks
- The [GRI](#) (Global Reporting Initiative)
- The [CDSB](#) (Climate Disclosure Standards board)

The ESG Fact Sheets have been published in conjunction with the “Guide for Company Advisers on ESG Disclosure in Leveraged Finance Transactions” which is designed to assist company advisors in their incorporation of ESG factors in the diligence and drafting process for corporate borrowers.

# ESG Fact Sheet - Telecoms

## General

- What are the most material ESG risks for telecoms operators in your view and how have you determined these?
- Disclosure on how you safeguard the integrity of your networks in light of their systemic importance
- What part of management compensation is related to achieving ESG targets?
- Details on how you may have contributed to helping achieve any of the UN Sustainable Development Goals, including digital inclusion
- Describe measures in place to monitor supply chain risks

## Environment Pillar

- Description of climate change policy
- Description of targets, if any, regarding greenhouse gas emissions
- Describe the impact you believe you may have in reducing customers' climate footprint
- Disclosure of the following data: energy consumption, usage of renewable energy, and electronic waste reduction, using quantitative data where applicable
- Provide details of any circular economy / recycling initiatives you may have
- Disclosure of any environmental certifications

## Social Pillar

### 1. Privacy & Data Security

- Policy and process for managing customer information
- Policy and process for safeguarding data security and customer privacy
- Policy and process for ensuring (online) child protection
- Disclosure of any governmental fines or reprimands with respect to customer data

### 2. Employees & Customers

- Information about employee well-being and satisfaction, how this is gathered and measured
- Disclosure about employee training programmes
- Disclosure on diversity and inclusion statistics and targets, how these are measured, and their achievement historically, including gender pay gap
- Describe policies on human rights, employee legislation and modern slavery
- Describe anti-bribery and money laundering procedures, including whistle-blower policies
- Disclosure on how customer satisfaction is monitored

## Governance Pillar

- Describe how you manage compliance with applicable regulations, including competition legislation, and any other required industry practices
- Describe current board composition and your main criteria when constructing the board
- Describe any targets and timeline for increasing diversity of the board
- Disclosure on all control committees (e.g., Audit, Remuneration, Investment), including involvement of independent directors
- Disclosure of the metrics to which management remuneration is linked
- Disclose information on your auditors, including how long they have been in place, process for selecting the auditors, and any audit related issues in the past