



Corporate responsibility reporting in the Telecom sector

**Key findings from the KPMG
Survey of Corporate Responsibility
Reporting 2015**

July 2016



About this research

This briefing contains key findings on the Telecom sector from the KPMG Survey of Corporate Responsibility Reporting 2015 (published November 2015). The research is based on two samples:

The G250: the world's 250 largest companies by revenue as defined by the Fortune 500 2014 listing.¹ Telecom companies account for 5 percent of this sample (13 companies).

The N100: the largest 100 companies by revenue in each of 45 countries – a total of 4500 companies worldwide. Telecom companies make up approximately 3 percent of this sample (146 companies).

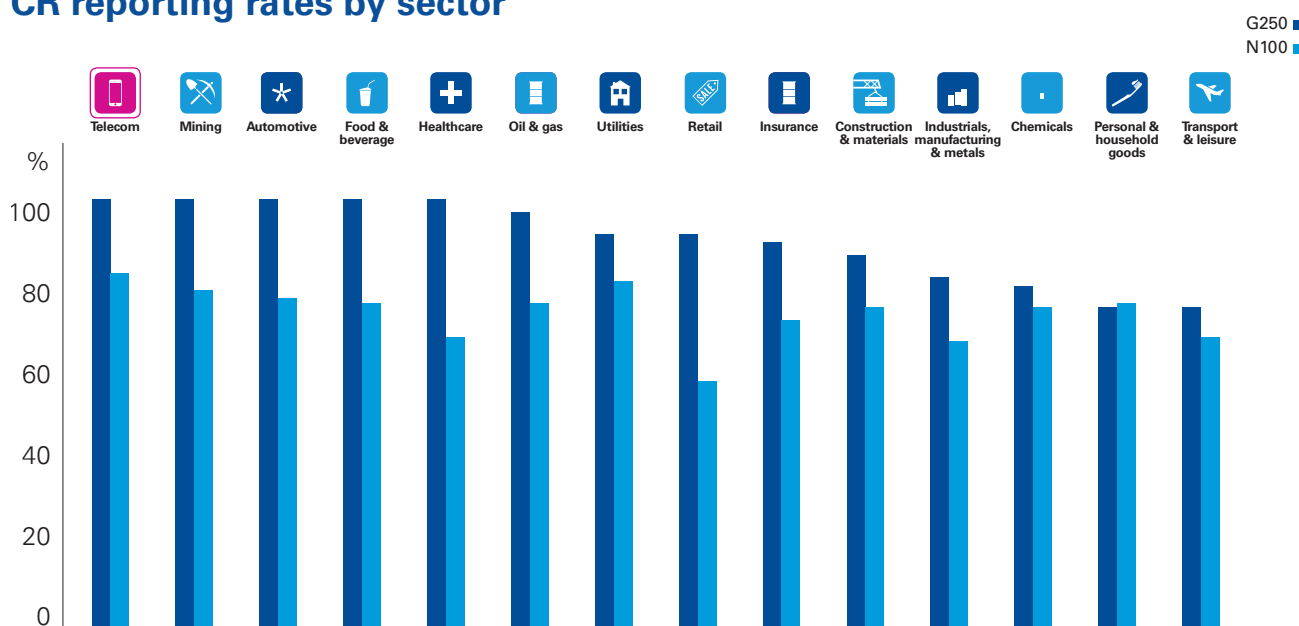
Download the full report at www.kpmg.com/crreporting

Telecom companies have the highest rate of CR reporting

All of the world's largest telecom companies, and the majority of the N100 telecom companies, report on corporate responsibility (CR). This suggests that CR reporting is well established as standard business practice in the Telecom sector.

Sample	Telecom reporting rate 2015	Global average reporting rate 2015
G250	100%	92%
N100	87%	73%

CR reporting rates by sector



Base: 250 G250 companies and 4,500 N100 companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

Largest telecom companies lag behind on assurance of CR data

Just over half (54 percent) of the largest telecom companies seek third party assurance for their CR data – almost ten percentage points below the G250 global cross sector average (63 percent). This is a clear area for improvement and the focus of these companies should shift to assuring stakeholders that the non-financial information presented in reports is accurate and credible. Smaller N100 telecom companies are more likely to invest in assurance than the largest companies as over 3 in 5 (61 percent) of N100 telecom companies seek third party assurance.

¹ <http://fortune.com/global500/2014/>

Quality of telecom reporting is above average but could improve

All telecom companies are publishing data on their CR and sustainability performance, but how does the quality of their reporting measure up against the other sectors?

KPMG analyzed the quality of CR reporting among the G250 against a framework of 7 quality criteria (see below). Researchers awarded each company a reporting quality score out of a maximum of 100.

The quality of CR reporting among telecom companies is above the G250 average. The average telecom quality score is 65 out of 100 compared with the G250 average score of 57.

KPMG's quality assessment criteria for CR reporting

- 1 Stakeholder engagement**
The report should explain how the company identifies and engages its stakeholders and how their views inform CR strategy.
- 2 Materiality**
The report should demonstrate a clear, on-going process to identify the issues that are most significant to the company and its stakeholders.
- 3 Risk, opportunity and strategy**
The report should identify environmental and social risks and opportunities, and explain the company's strategic response.
- 4 Targets and indicators**
The report should declare time-bound and measurable targets.
- 5 Transparency and balance**
The report should be open about the CR challenges the company faces, as well as its achievements, and should communicate both effectively.
- 6 Suppliers and value chain**
The report should show how the company's CR strategy and targets address the material social and environmental impacts of its suppliers, products and services.
- 7 Corporate responsibility governance**
The report should detail how CR is governed within the organization, who has responsibility for it and how CR performance is linked to remuneration.

Overall CR reporting quality score



Base: 230 G250 companies that report on CR
Source: KPMG Survey of Corporate Responsibility Reporting 2015

Telecom companies score well for targets and materiality

Telecom companies scored particularly well for reporting on materiality. Almost all (92 percent) telecom CR reporters identify sustainability issues that are material to the business and the majority discuss materiality in detail. Over 4 in 5 (83 percent) telecom CR reporters that identify material issues also describe the process used to define them – 15 percentage points above the global average (68 percent).

Telecom companies also score above average for setting sustainability-related targets. 84 percent of telecom companies that report on CR set targets for at least some of their material issues.

This is more than 25 percentage points above the global cross-sector average (58 percent). Additionally, more than 4 in 5 (84 percent) of telecom companies report on performance achieved against all or most of the objectives they set.

Weak reporting on strategy and financial impacts of risks

Many telecom companies could do better when it comes to articulating their sustainability strategy - only around 3 in 5 (62 percent) currently do so.

The Telecom sector could also put more focus on assessing and reporting the potential financial impacts of sustainability risks to their business. Whilst this is challenging, companies in other sectors do so. None of the telecom companies in this sample reports on the financial impacts of sustainability risks. In contrast, almost a third (31 percent) of G250 companies discuss the financial impact of sustainability risks. This is an issue of increasing importance as investors look for better quality information on how sustainability risks and opportunities will affect the companies they invest in. The recently launched Financial Stability Board Task Force on Climate-related Financial Disclosures is just one example of high profile initiatives in this area.²

²<http://www.fsb-tcfd.org/>

Telecom among best-performing sectors for quality of carbon reporting

Companies are under increasing pressure to cut their carbon emissions, as the global economy shifts towards a low-carbon, and ultimately zero-carbon, model.

With this in mind, KPMG has analyzed the carbon information published by the world's 250 largest companies (G250) in their CR and annual financial reports, using the following 3 principles:

- 1 Reporting should be clear about whether the company sees carbon as a material issue and, if so, what data is covered and why. Carbon data should also be assured to ensure accuracy.
- 2 Where carbon is seen as material, reporting should show that the company has set clear targets to reduce its carbon emissions and how it is performing against those targets.
- 3 Reporting should communicate carbon data clearly and explain how carbon reduction helps the business.

Around three quarters of telecom companies (77 percent) report on carbon. This is a few percentage points below the average G250 rate of 82 percent. All non-reporters are based in China or Japan.

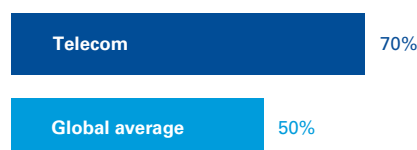
However, among telecom companies that do report on carbon, the quality of reporting is good. The average quality score in the sector is 58 out of 100 compared to the global average of 51 out of 100. Only four sectors surveyed have a higher quality score.

Telecom companies perform above average with respect to target setting for carbon reduction though there is room for improvement. Just over 3 in 5 telecoms companies (62 percent) set carbon reduction

targets, which lags Utilities, the leading sector, by over ten percentage points (75 percent). Additionally, only a quarter (25 percent) of telecom companies that set carbon targets provide a clear explanation of the rationale behind their carbon targets.

Telecom companies do a good job of reporting how their business benefits from cutting carbon emissions. 3 in 5 (60 percent) telecom companies that report on carbon do this, which is above the global average of just over half (51 percent).

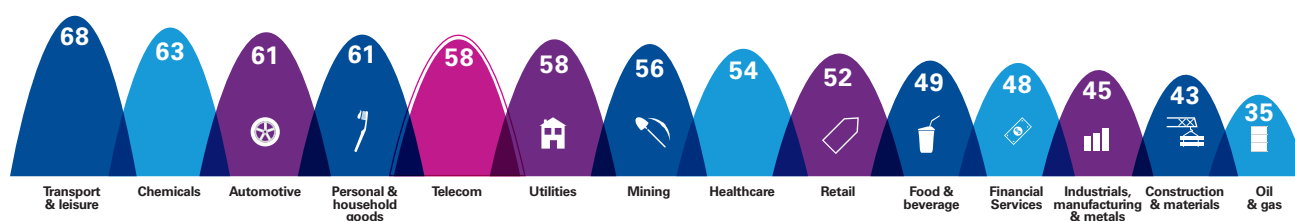
High rate of reporting on supply chain emissions



Base: 205 G250 companies that report on carbon
Source: KPMG Survey of Corporate Responsibility Reporting 2015

The Telecom sector is also more likely to report on emissions in its supply chain than almost all of the sectors studied. Of the telecom companies that report on carbon, 70 percent report on their Scope 3 upstream emissions – well above the global average (50 percent). It is a positive sign that telecom companies are accounting for, rather than ignoring, these emissions in their supply chain.

Telecom one of top 5 sectors for quality of carbon reporting (scores out of 100)



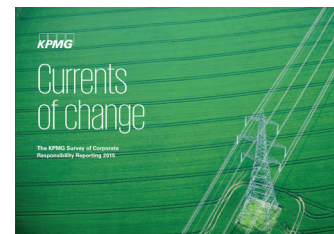
Base: 205 G250 companies
Source: KPMG Survey of Corporate Responsibility Reporting 2015

KPMG member firms can provide you with a bespoke assessment of the quality of your corporate responsibility reporting and a benchmarking report that compares your reporting with sector or country peers, and the global cross-sector average.

For further information, contact your local KPMG member firm professional listed on page 6 of this briefing.

About the KPMG Survey of Corporate Responsibility Reporting 2015

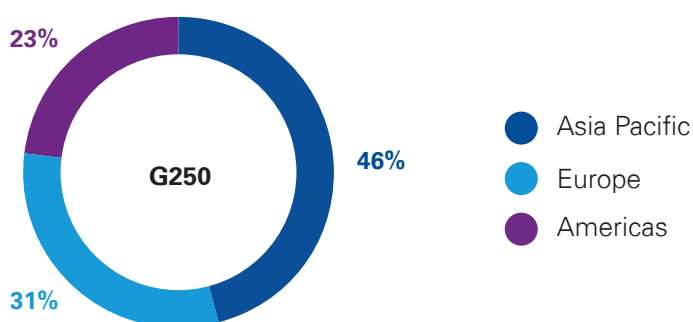
KPMG has been tracking corporate responsibility (CR) reporting trends for 22 years and [The KPMG Survey of Corporate Responsibility Reporting 2015](#) is the ninth edition. It is one of the largest surveys of CR reporting trends globally.



Definition of the Telecom sector

In the KPMG Survey of Corporate Responsibility Survey 2015, the Telecom sector was classified in line with the International Classification Benchmark (ICB) system and includes Mobile Telecommunications and Fixed Line Telecommunications.

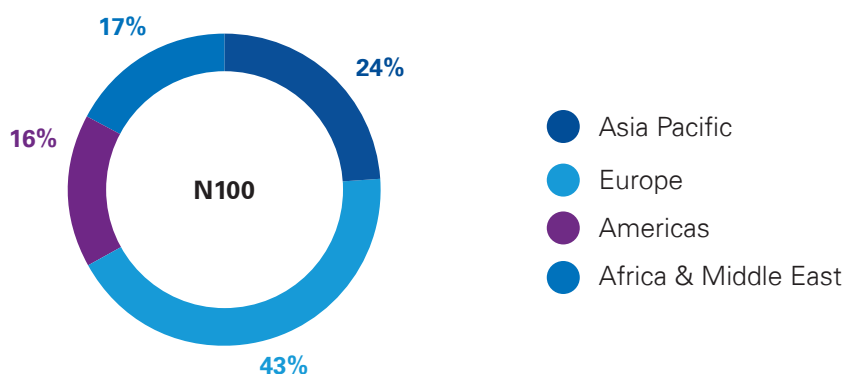
G250 telecom companies by region



Base: 13 G250 telecom companies

Source: KPMG Survey of Corporate Responsibility Reporting 2015

N100 telecom companies by region



Base: 146 N100 telecom companies

Source: KPMG Survey of Corporate Responsibility Reporting 2015

Download the full report from kpmg.com/crreporting

Local Contacts

Argentina

Martin Mendivelzua
mmendivelzua@kpmg.com.ar

Australia

Adrian V. King
Global Head, KPMG Sustainability
Services
avking@kpmg.com.au

Austria

Peter Ertl
pertl@kpmg.at

Azerbaijan

Vugar Aliyev
valiyev@kpmg.az

Baltics

Marko Siller
msiller@kpmg.com

Belgium

Mike Boonen
mboonen@kpmg.com

Brazil

Ricardo Zibas
rzibas@kpmg.com.br

Canada

Bill J. Murphy
billmurphy@kpmg.ca

Chile

Luis Felipe Encina
lencina@kpmg.com

China

Maria Cheng
maria.cheng@kpmg.com

Colombia

Maria Teresa Agudelo
magudelo@kpmg.com

Cyprus

Iakovos Ghalanos
iakovos.ghalanos@kpmg.com.cy

Czech Republic

Milan Flosman
mflosman@kpmg.cz

Denmark

Jakob Blicher-Hansen
jabhansen@kpmg.com

Finland

Tomas Otterström
tomas.otterstrom@kpmg.fi

France

Philippe Arnaud
parnaud@kpmg.fr

Germany

Simone Fischer
simonefischer@kpmg.com

Greece

George Raounas
graounas@kpmg.gr

Hungary

István Szabó
istvan.szabo@kpmg.hu

India

Santhosh Jayaram
santhoshj@kpmg.com

Indonesia

Iwan Atmawidjaja
iwan.atmawidjaja@kpmg.co.id

Ireland

Eoin O'lideadha
eoin.olideadha@kpmg.ie

Caroline Pope

caroline.pope@kpmg.ie

Israel

Oren Grupi
ogrupi@kpmg.com

Italy

PierMario Barzaghi
pbarzaghi@kpmg.it

Japan

Kazuhiko Saito
kazuhiko.saito@jp.kpmg.com

Yoshitake Funakoshi

Yoshitake.Funakoshi@jp.kpmg.com

Kazakhstan

Gregor Mowat
gmowat@kpmg.ru

Luxembourg

Jane Wilkinson
jane.wilkinson@kpmg.lu

Malaysia

Kasturi Paramanathan
kparamanathan@kpmg.com.my

Mexico

Jesus Gonzalez
jesusgonzalez@kpmg.com.mx

Netherlands

Wim Bartels
bartels.wim@kpmg.nl

New Zealand

Gabrielle Wyborn
gwyborn@kpmg.co.nz

Nigeria

Tomi Adepoju
tomi.adepoju@ng.kpmg.com

Norway

Anette Ronnov
anette.ronnov@kpmg.no

Peru

Rosario Calderon
rccalderon@kpmg.com

Philippines

Henry D. Antonio
hantonio@kpmg.com

Poland

Krzysztof Radziwon
kradziwon@kpmg.pl

Portugal

Martim Santos
martimsantos@kpmg.com

Romania

Gheorghita Diaconu
gdiaconu@kpmg.com

Russia, Ukraine, Georgia & Armenia

Igor Korotetskiy
lkorotetskiy@kpmg.ru

Singapore

Sharad Somani
sharadsomani@kpmg.com.sg

Slovakia

Quentin Crossley
qcrossley@kpmg.sk

South Africa

Shireen Naidoo
shireen.naidoo@kpmg.co.za

South Korea

Sungwoo Kim
Regional Leader, Asia Pacific
KPMG Sustainability Services
sungwookim@kr.kpmg.com

Spain

Jose Luis Blasco Vazquez
Regional Leader, Europe,
Middle East & Africa, KPMG
Sustainability Services
jblasco@kpmg.es

Sweden

Daniel Dellham
daniel.dellham@kpmg.se

Jenny Fransson

jenny.fransson@kpmg.se

Switzerland

Isabelle Hirs Schaller
ihirs@kpmg.com

Taiwan

Niven Huang
nivenhuang@kpmg.com.tw

Charles Chen

charleschen@kpmg.com.tw

Thailand

Paul Flipse
pflipse@kpmg.com.th

UAE and Oman

Raajeev B. Batra
raajeevbatra@kpmg.com

UK

Paul Holland
paul.holland@kpmg.co.uk

US

Katherine Blue
kblue@kpmg.com

Uruguay

Martin Clerino
martinclerino@kpmg.com

Venezuela

Jose O. Rodrigues
jrodrigues@kpmg.com

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