Sustainability Survey

A Global View from the Fiber-to-the-Home Council Global Alliance (FCGA)

March 2023

Powered by FTTH Council Global Alliance - FCGA

ABOUT THE FCGA

The FTTH Council Global Alliance (FCGA) is the platform for cooperation of the six regional FTTH Councils active in North America, Latin America, Middle East and north Africa, Africa, Europe and Asia-Pacific. All FTTH Councils share a common goal: the acceleration of Fiber to the home adoption. They all act as powerful and independent organizations in their respective geographies. This regional focus gives the FTTH Councils a special strength to adapt their activities to the particular market situation in their area.

The FCGA ensures that those regional efforts are combined with the power of global cooperation. Within the FCGA, the FTTH Councils exchange studies, information and latest market developments.

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ABSTRACT

The Fiber Broadband Association and the Fiber-to-the-Home Council Global Alliance (FCGA) conducted a sustainability survey of the fiber industry to understand the commitment of service providers (and vendors to sustainability and Environmental, Social, and Governance (ESG) or Corporate Social Responsibility (CSR) strategies, where they are in terms of reaching their overall goals and milestones, and how these differ at the regional level. The outcome illustrated interesting regional and cultural differences and highlighted regions that appear further behind.

The main initiatives, as shown in Figure 1, are those most companies are executing as part of their sustainability efforts.
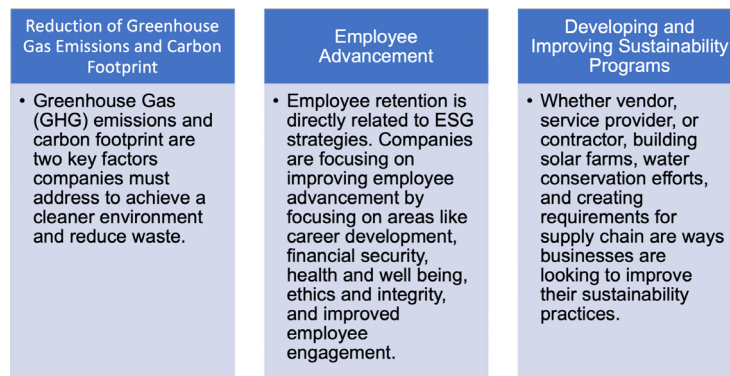

Reduction of Greenhouse Gas Emissions and Carbon Footprint	Employee Advancement	Developing and Improving Sustainability Programs
• Greenhouse Gas (GHG) emissions and carbon footprint are two key factors companies must address to achieve a cleaner environment and reduce waste.	• Employee retention is directly related to ESG strategies. Companies are focusing on improving employee advancement by focusing on areas like career development, financial security, health and well being, ethics and integrity, and improved employee engagement.	• Whether vendor, service provider, or contractor, building solar farms, water conservation efforts, and creating requirements for supply chain are ways businesses are looking to improve their sustainability practices.

Figure 1

KEY FINDINGS

While most respondents were small businesses of 5,000 or less employees, some common themes resonated across regions:

- Supporting customer GHG reduction programs through the Life Cycle Assessment (LCA) methodology was cited by many respondents. This enables businesses to identify sustainability enhancements and develop GHG impact estimates for early-stage innovation programs.
- Among most service provider respondents, converting from Hybrid Fiber Coax (HFC) to Fiber-to-the-Home (FTTH) was cited as a way to improve their sustainability programs.
- Most companies are working on plans to achieve at least a 40% reduction in GHG emissions by 2030, with long-term goals of net zero by 2040.
- Financial security ranked the lowest in employee development initiatives across all regions, while health, well-being, safety, ethics, and integrity ranked the highest.

The 2022 Gartner Sustainability Opportunities, Risks, and Technologies Survey shows:

- 86% of business leaders see sustainability as an investment that protects their organization from disruption.
- Four out of five leaders see sustainability as helping their organization optimize and reduce costs.
- 83% say their sustainability activities directly create short- and long-term value for their organization.

FOREWORD

Sustainability has been a topic of interest for several years. Many businesses have either developed or are considering an ESG or CSR strategy. According to data from a 2021 Boston Consulting Group report, "Putting Sustainability at the Top of the Telco Agenda," the telecommunications industry generates 1.6% of all carbon emissions (almost 90% of which comes from Scope 3 emissions). It states the Information and Communications Technology (ICT) sector, which comprises telecoms, is responsible for 3% to 4% of all global emissions - twice the levels of the aviation industry. Service providers, vendors, and contractors are all responsible for managing and reducing factors that affect the global environment, particularly as demand for high-speed, reliable broadband and 5G services continues to grow.

Fiber is future-ready, consumes less energy per KwH, and fiber materials are inherently sustainable. Therefore, as we see fiber deployments on the rise over the next five years, the use of fiber to deliver high-speed, reliable internet services will be proven to be the only technology to promote sustainability goals and support green energy, less waste, and the greater good of society.

As the vendors and service providers in the industry build out their ESG strategies, they measure across multiple areas and topics with specific attributes to be assessed as described in Table 1.

Respondents by Type

Each chapter of the FCGA issued the survey, which included Network Operator/Service Provider Regional or Local Carriers; Large, Nationwide Carriers; Vendors; and Others, including Contractors and Investors. Network Operators comprised 54% of the respondents, while 24% were Vendors. The remaining 22% were Other.

Respondents by Type
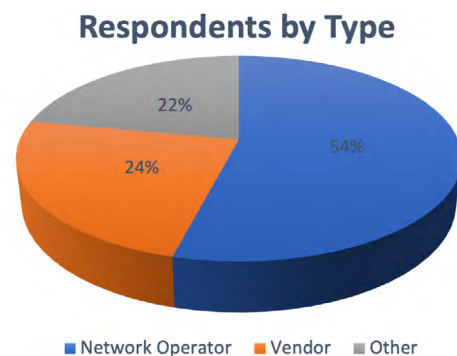
Area	Topic	Aspect to assess
Governance	**Mission & Engagement**	Mission Statement Characteristics
		Social and Environmental Decision Making
		Stakeholder Engagement
		Social/Environmental Key Performance Indicators
	Ethics & Transparency	Governance Structures
		Internal Good Governance
		Ethics Policies and Practices
		Company Transparency
		Financial Transparency with Employees
Workers	**Financial Security**	Initiatives to Increase Wages and Benefits
		Compensation Policies and Practices
		% Participation in Employee Ownership

	Health, Wellness, & Safety	Financial Services for Employees
		Supplementary Health Benefits
		Supplementary Health Benefits Eligibility for Part-Time Workers
	Career Development	Professional Development Policies and Practices
	Engagement & Satisfaction	Paid Secondary Caregiver Leave
		Supplementary Benefits
		Surveying and Benchmarking Engagement and Attrition
	Engagement & Satisfaction (Hourly)	Paid Primary Caregiver Leave for Hourly Workers
		Collective Bargaining
Community	**Diversity, Equity, & Inclusion**	Diverse Ownership and Leadership
		Creating and Managing Inclusive Work Environments
		Measurement of Diversity
		Female Management
		Management from Underrepresented Populations
		Supplier Diversity Policies or Programs
		Supplier Ownership Diversity
	Economic Impact	Job Growth Rate
		Nonaccredited Investor Ownership
		Local Ownership
	Civic Engagement & Giving	Corporate Citizenship Program
		Community Service Policies and Practices
		Volunteer Service per Capita
		Charitable Giving and Community Investment Policies and Practices
	Supply Chain Management	Supplier Screen Topics
Environment	**Environmental Management**	Virtual Office Stewardship
	Air & Climate	Monitoring Energy Usage
		Low-Impact Renewable Energy Use
		Monitoring GHG Emissions
		% GHG Emissions Offset
	Water	Monitoring and Managing Water Use
	Land & Life	Monitoring and Reporting Nonhazardous Waste
Customers	**Customer Stewardship**	Managing Customer Stewardship
		Monitoring Customer Satisfaction and Retention
		Managing Product Impact
		Data Usage and Privacy

Table 1 - Sustainability Assessment Areas and Topics

For this study, we focused on areas related to workers, reporting, and company targets and initiatives to better understand organizational awareness, company policy, and sustainability goals in the following areas (See Figure 2).

Employee Advancement
- Ethics & Integrity
- Career Development
- Employee Engagement, Satisfaction & Retention
- Financial Security
- Organization and Culture
- Health, Wellness & Safety

Reporting
- Global Reporting Initiative (GRI)
- Hardware Sustainability Accounting Standard
- Sustainability Standards Board (SASB)
- Global Sustainability Standards Board (GSSB)
- International Sustainability Standards Board (ISSB)
- United Nations Forum on Sustainability Standards (UNFSS)
- Carbon Disclosure Project (CDP)

Targets & Initiatives
- Greenhouse Gas (GHG)
- Carbon Footprints for Products
- Circular Economy Policy
- Supplier Sustainability Requirements

Figure 2

Any ESG strategy includes initiatives toward employee advancement that include health, wellness, and safety, career development, employee engagement, satisfaction and retention, and ethics and integrity.
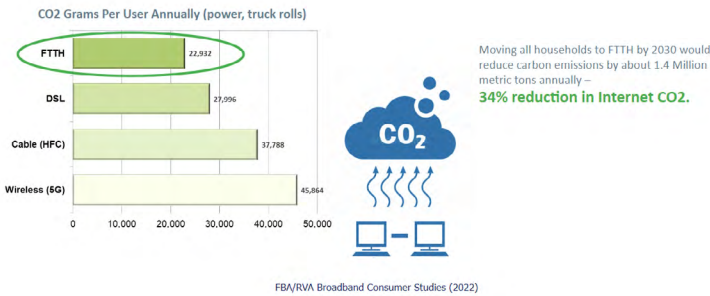
We asked about specific reporting practices and what, if any, standards board(s) the respondents report to, such as the Global Sustainability Standards Board (GSSB), Sustainability Standards Board (SASB), the International Sustainability Standards Board (ISSB), etc. These groups were developed to set a baseline of local and global sustainability standards as businesses begin developing their ESG frameworks. These boards serve as a means of accountability for organizations to create benchmarks, measure progress, and provide guidance for reaching their goals and creating new ones.

As we explored ESG practices across the respondents, we noted some regions were far more advanced than others, with some very specific and well-thought-out strategies. However, other regions do not have an ESG or CSR Strategy, as noted in Figure 3. We cite some of the best examples in a region-by-region comparison below.

Figure 3

FTTH Directly Reduces Carbon Output

CO2 Grams Per User Annually (power, truck rolls)

FTTH — 22,932
DSL — 27,996
Cable (HFC) — 37,788
Wireless (5G) — 45,864

Moving all households to FTTH by 2030 would reduce carbon emissions by about 1.4 Million metric tons annually – **34% reduction in Internet CO2.**

FBA/RVA Broadband Consumer Studies (2022)

We also sought participation in global initiatives that foster best practices, such as the Carbon Disclosure Project (CDP), a non-profit organization running the global disclosure system across the board including investors, for-profit businesses, cities, states, and regions to manage their environmental impact. As noted by research from RVA, LLC and the Fiber Broadband Association in Figure 4, FTTH directly reduces carbon output leading to a 34% reduction in Internet CO_2. Participating in such initiatives indicates the organization's dedication to reducing its carbon footprint through FTTH. The CDP scores all participating entities much the same as test scoring in the education system (A-F) based on an entity's response to its questionnaire.

Additionally, we inquired as to whether the respondents have a circular economy policy, GHG Emission targets, provide carbon footprint for products, and if they have sustainability requirements for their suppliers.

North America

North American respondents were primarily network operators, with the majority being regional or local carriers. Ninety-four percent were organizations with 5,000 employees or less, and only 2% were 100,000+. Seventy-two percent indicated they do not have an ESG or CSR strategy. However, several respondents indicated that they either have nothing "formal" and, on a project-by-project basis, have been building one, while others are at the beginning stages of developing a more formal ESG strategy. Some respondents indicated ways to improve their sustainability programs include digital upgrades to support customers better, plans to build solar farms sufficient enough to provide energy to meet or exceed energy requirements, water conservation, and a goal of zero landfill by 2035, while others indicated their plans include installation of photovoltaic systems that will supply 50% of the power to their main office as well as climate action plans that work toward 40% GHG emissions by 2030 and a net-zero goal in 2040. E-waste reduction, management programs, and reclaiming/recycling copper were also indicated as ways to improve sustainability.

With these results in mind, it is not surprising that very few respondents report their efforts, according to the standards boards and initiatives. In fact, 80% do not provide a carbon footprint for products, and 75% indicated that they do not have GHG targets. Nearly 80% of the North American respondents do not have sustainability requirements for their supply chain, and few mentioned reuse, recycle and reclaim as their requirements. Most contractors rely on distribution channels to monitor the supply chain.

Career development was among the top initiatives for respondents in North America (49%), followed by Ethics and Integrity, Health Wellness & Safety (45%), and Employee Engagement, Satisfaction, and Retention (43%). Thirty-seven percent indicated they are executing financial security initiatives for their employees. Only 4% indicated there are no related initiatives toward employee advancement.

Latin America

Latin America's respondents were 72% network operators, 14% vendors and 14% contractors. Seventy-eight percent were organizations with 5,000 employees or less, 14% had 5,000-10,000 employees, and 4% had 100,000+ employees. Forty-five percent indicated they had an ESG or CSR strategy. Among the respondents, 36% indicated they have a circular economy policy, 27% have GHG targets, and 23% have sustainability requirements for their supply chain.

Regarding employee advancement, the top initiative among Latin American respondents was Ethics & Integrity (77%), followed by Health, Wellness and Safety, and Employee Engagement, Satisfaction & Retention (55% and 50%, respectively). Forty-five percent and 36% of respondents are executing Career Development and Financial Security initiatives related to employee advancement.

To improve sustainability objectives, for those that indicated they currently do not have an ESG strategy, most are planning and working toward implementing an ESG strategy aligned with the company's strategic objectives. Of those that currently have an ESG strategy, some are in the process of collecting data to measure the company's first corporate carbon footprint leading to a climate change adaptation and mitigation strategy. In contrast, others noted that they are working toward improving the cost-benefit ratio to improve the quality of staff income and training employees on the importance of standardizing environmental sustainability processes and using energy backup with solar panels.

Europe

Forty-five percent of European respondents were Network operators of all sizes, 38% vendors, 5% contractors and 12% Investors/Other. Eighty-one percent of respondents indicated that they have an ESG strategy. Some 31% report to the Global Reporting Initiative, 14% to the Sustainability Standards Board, and 7% to the Hardware Sustainability Accounting Standard and Global Sustainability Standards Board. Others report according to country-specific reporting groups or the International Sustainability Standards Board.

Fifty-five percent of Europe's respondents have GHG emissions targets. Some 68% indicated that they do not provide a carbon footprint for products, and 56% indicated they have sustainability requirements for their supply chain. Some indicated that their suppliers sign a code of conduct that includes environmental, social, and governance requirements. In contrast, others list criteria before doing business that includes quality awareness, customer service, innovation/technical competence, health and safety, risk, and operational excellence. Other European respondents indicated that their company is 100% green and achieves this through solar panels for water and heating, and the company fleet is 100% electric cars.

Ethics and Integrity, and Health, Wellness, and Safety (83%) were the top employee advancement initiatives, followed by Employee Engagement Satisfaction and Retention/Organization and Culture and Career Development (76% and 71%, respectively), and 69% of respondents are executing on initiatives for financial security.

Europe is very active in terms of ways to improve sustainability programs by setting goals toward

100% green energy supply, increasing their electrical fleet, reducing heating in office buildings, reducing and improving electricity consumption, increasing the refurbishment of customer hardware, and giving construction partners more detailed emission reduction targets. Some respondents indicated that they were either evaluating or in the process of engaging with the SBTi. Others have developed internal sustainability working groups, committed to quarterly employee engagement activities, and are engaging with an ESG consultant to focus on environmental policies and projects.

Middle East & North Africa (MENA)

A small sample of respondents in MENA provided little information, with 38% of respondents being network operators, 50% vendors and the remaining 12% did not provide organization type. Fifty-eight percent were small organizations of less than 5,000 employees, with the remaining organizations below 10,000. Sixteen percent of respondents indicated that they currently have an ESG or CSR strategy. Only 1% report to standards Boards, and 1% to SBTi. Sixteen percent have completed a corporate carbon footprint and report to the CDP.
Respondents in MENA indicated that transitioning to renewables and expanding sustainability training programs is the number one new measure they are taking into consideration to improve their sustainability program and that they have dedicated project managers for all projects to continue to manage and improve their sustainability program.
Some indicated that the supply chain requires that they have a full CSR and sustainability clause in all contracts and use best practices in supplier vetting for low environmental and community impact.

Asia Pacific

In Asia Pacific, 66% of respondents were vendors, with the remaining 33% being network operators. The majority reported less than 5,000 employees. Eighty-three percent do not currently have an ESG/CSR strategy—however, most report to at least one of the sustainability boards, largely the GSSB and GRI. Eighty-three percent completed a carbon footprint and reported to the CDP and have GHG targets. Thirty-three percent of Asia Pacific respondents indicated they have a circular economy policy. Additionally, 50% have sustainability requirements for their supply chain.

To improve sustainability objectives, some indicated ambitious targets of net-zero by 2035 for Scope 1 and Scope 2 emissions, a 60% reduction in greenhouse gas emissions by 2030, and every product to be offered in a climate-neutral version in the future with major products already offered today. They also noted employee development initiatives like training and Employee Stock Ownership Plan programs.

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