

Windstream Services LLC

Telecommunication Services United States of America

ESG Risk Rating

13.4

Updated Dec 22, 2022

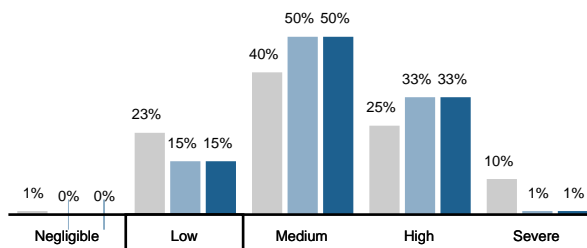
+0.6

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = Top Score)
Global Universe	953/15613	7th
Telecommunication Services	4/223	2nd
Telecommunication Services SUBINDUSTRY	4/223	2nd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

	Exposure	Management	ESG Risk Rating
1. Windstream Services LLC	38.4 Medium	73.7 Strong	13.4 Low
2. The Bell Telephone Company of Canada	36.4 Medium	57.9 Strong	17.4 Low
3. NTT DoCoMo, Inc.	36.1 Medium	53.5 Strong	18.6 Low
4. Telefónica Celular del Paraguay SAE	35.0 Low	46.2 Average	20.4 Medium
5. Helios Towers Africa LLP	35.0 Low	40.3 Average	22.3 Medium

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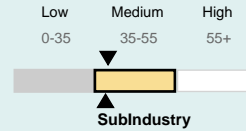
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

38.4 **+2.6**
Medium Momentum
 Beta = 1.01



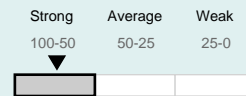
Windstream processes the personal communications of more than a million people and businesses who rely on the company's services for their daily work. Inability to safeguard the privacy of this data or the company from cyberattacks could lead to reputational damage, customer loss and regulatory investigations and fines. Additionally, because it offers a specialized technical service, Windstream's success relies on the knowledge and skills of its employees. A failure to attract, retain and develop its workforce could lead to operational problems for the company, which could, in turn, result in lower revenues or profitability. Windstream is exposed to carbon risks with its large rural footprint due to the electricity consumption of its network. Evolving climate change regulations could lead to increased compliance and costs for the company.

The company's overall exposure is medium and is similar to subindustry average. Data Privacy and Security, Carbon -Own Operations and Human Capital are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

73.7 **+1.6**
Strong Momentum



In FY2021, Windstream published a corporate social responsibility report that was prepared in accordance with the GRI Standards: Core option, which follows best practice and signals strong accountability to investors and the public. Moreover, a board committee is responsible for the management of ESG issues. Windstream's chief information security officer oversees data privacy management and reports to the board regularly. The company has a strong data privacy and cybersecurity programme, but it does not hold ISO 27001 certification. Windstream has a strong human capital development programme that includes regular employee training and a comprehensive benefits package, however representation for women and non-Caucasian employees could be improved. It also has a strong environmental management system with GHG emissions reduction targets, although it is not ISO 14001 certified.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure		ESG Risk Management		ESG Risk Rating	Contribution to ESG Risk Rating
	Score	Category	Score	Category	Score Category	
Data Privacy and Security	7.6	Medium	80.0	Strong	2.7 Low	20.4%
Product Governance	5.0	Medium	58.8	Strong	2.4 Low	17.5%
Carbon -Own Operations	5.8	Medium	79.0	Strong	2.1 Low	15.8%
Human Capital	6.0	Medium	74.4	Strong	1.8 Negligible	13.1%
Human Rights -Supply Chain	2.0	Low	43.8	Average	1.3 Negligible	9.7%
Resource Use	2.0	Low	44.0	Average	1.3 Negligible	9.6%
Corporate Governance	5.0	Medium	76.0	Strong	1.2 Negligible	8.9%
Business Ethics	5.0	Medium	91.3	Strong	0.7 Negligible	5.0%
Overall	38.4	Medium	73.7	Strong	13.4 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

 **None (21)**

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Employees - Human Rights

Employees - Human Rights - SC

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

Labour Relations - SC

Lobbying and Public Policy

Marketing Practices

Media Ethics

Occupational Health and Safety - SC

Quality and Safety

Sanctions

Society - Human Rights

Society - Human Rights - SC

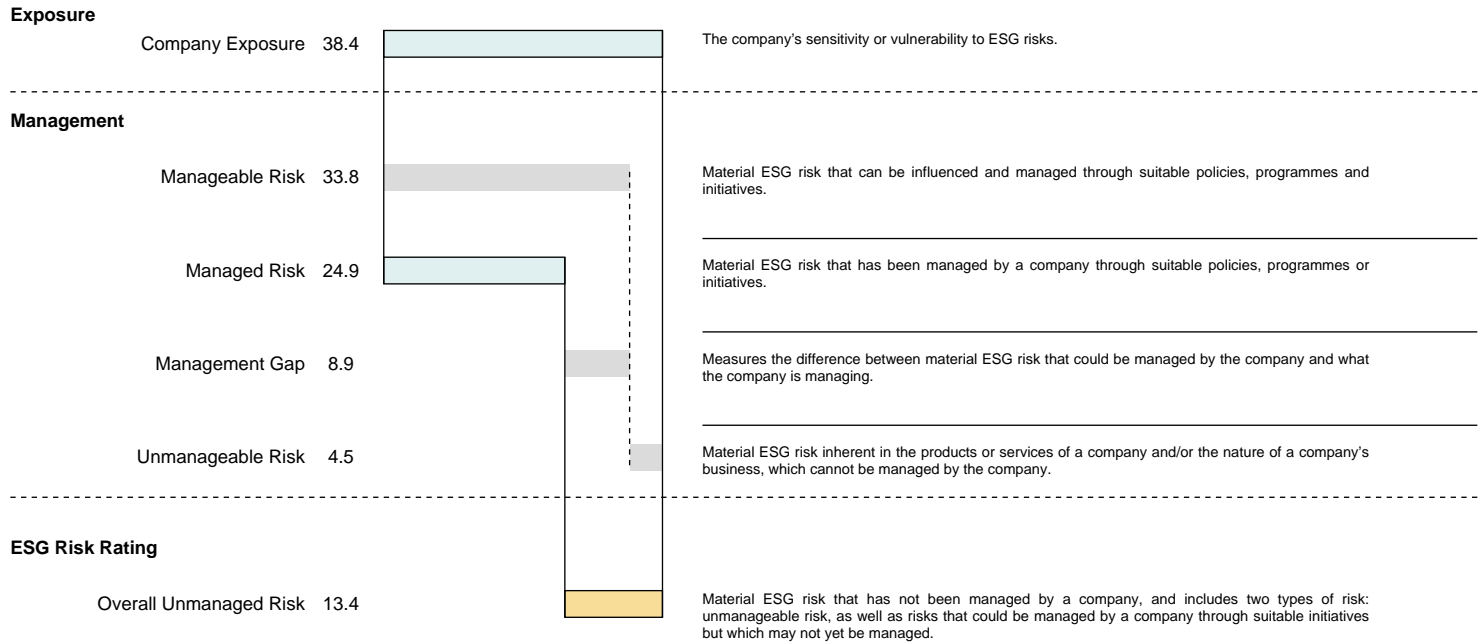
Water Use

Weapons

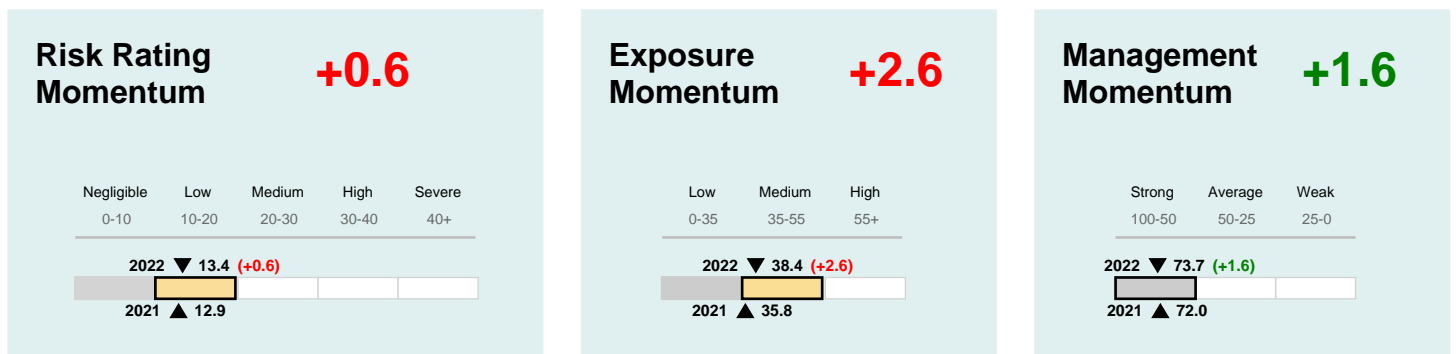
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry exposure**.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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