

# Windstream Services LLC

Telecommunication Services United States

## ESG Risk Rating

# 18.5

Updated Feb 18, 2021

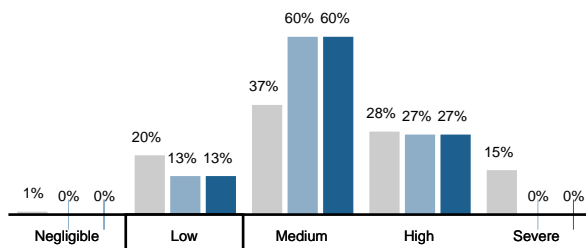
Not  
available

Momentum

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	2154/13676	17th
Telecommunication Services	15/210	8th
Telecommunication Services SUBINDUSTRY	15/210	8th

## Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Telefónica Telecom SA	33.7 Low	51.3 Strong	18.1 Low
2. Windstream Services LLC	35.8 Medium	54.4 Strong	18.5 Low
3. Telefónica Celular del Paraguay SAE	33.0 Low	43.6 Average	20.1 Medium
4. WIND Hellas Telecommunications S.A.	33.0 Low	36.0 Average	22.3 Medium
5. Ceska Telekomunikacni Infrastruktura as	30.8 Low	30.6 Average	22.3 Medium

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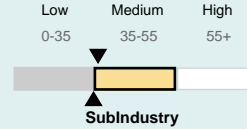
## ESG Risk Analysis

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

### Exposure

**35.8**  
**Medium**  
 Beta = 1.02

**Not available**  
 Momentum



Windstream carries 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 cyberattacks could lead to reputational damage, customer loss and regulatory investigations. Additionally, because it offers a specialized technical service, Windstream's success relies on the knowledge and skills of its 11,080 employees (as of December 2019). 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. Moreover, due to the electricity consumption of its network, Windstream is exposed to carbon risks. Evolving climate change regulations could lead to compliance costs for the company.

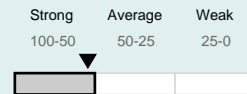
The company's overall exposure is medium and is similar to subindustry average. Carbon -Own Operations, Data Privacy and Security and Human Capital are notable material ESG issues.

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

### Management

**54.4**  
**Strong**

**Not available**  
 Momentum



In FY2019, Windstream published a corporate social responsibility report, but it does not reference industry standards such as those of the GRI, which is below best practice. However, a board committee is responsible for the management of ESG issues, signalling that these are included in core business strategy.

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

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## Material ESG Issues

ESG Issues regarded material for the company.

Issue Name	Exposure	Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category	Score   Category	Score   Category	
Data Privacy and Security	7.0 Medium	42.5 Average	4.6 Medium	25.0%
Product Governance	5.0 Medium	25.0 Weak	3.9 Low	21.0%
Carbon -Own Operations	5.8 Medium	53.1 Strong	3.3 Low	17.9%
Human Capital	6.0 Medium	61.9 Strong	2.5 Low	13.4%
Corporate Governance	5.0 Medium	63.0 Strong	1.9 Negligible	10.0%
Human Rights -Supply Chain	2.0 Low	35.0 Average	1.4 Negligible	7.8%
Business Ethics	5.0 Medium	86.3 Strong	0.9 Negligible	4.9%
<b>Overall</b>	<b>35.8 Medium</b>	<b>54.4 Strong</b>	<b>18.5 Low</b>	<b>100.0%</b>

## Events Overview

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

### Category (Events)

 **Severe (0)**

 **High (0)**

 **Significant (0)**

 **Moderate (0)**

 **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 (19)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

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

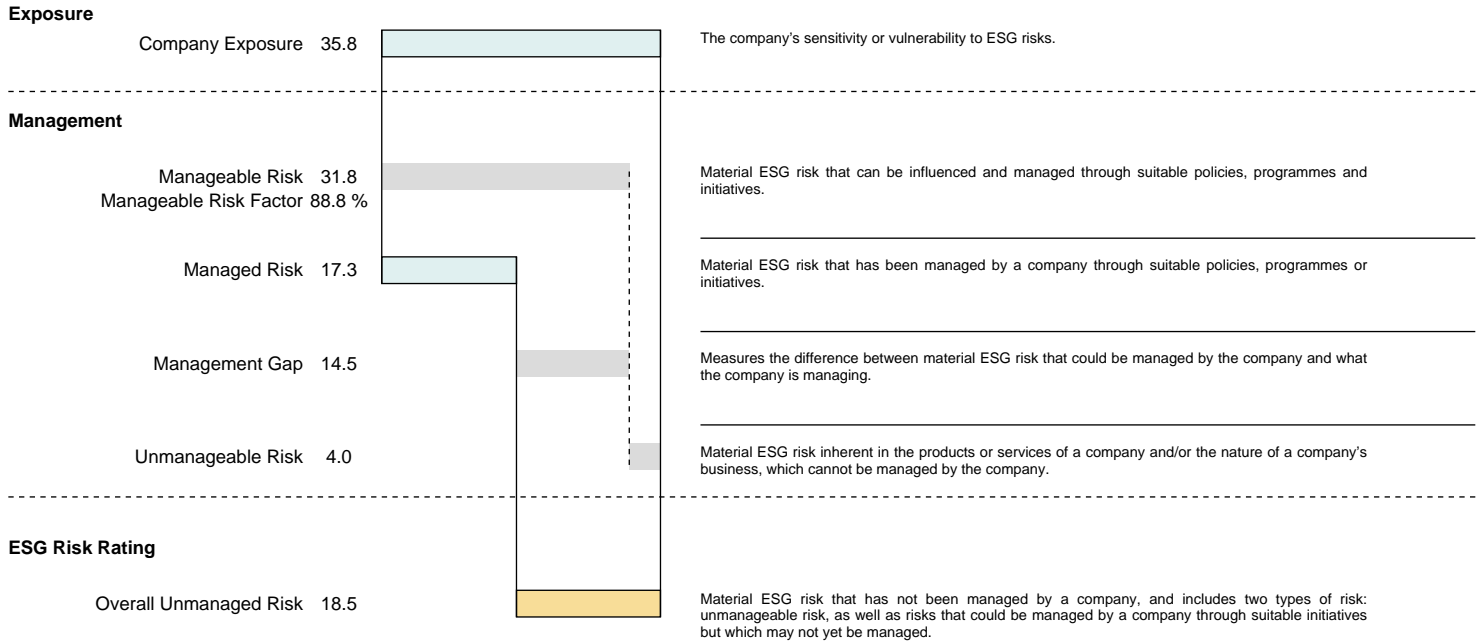
Society - Human Rights - SC

Weapons

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## Risk Decomposition



## Momentum Details

Not available due to a lack of comparable historical information.

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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

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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