



TELCO JOURNEY IN REDUCING CARBON EMISSIONS

Understanding the practical steps service providers are undertaking to reduce their carbon footprints as part of their sustainability journey

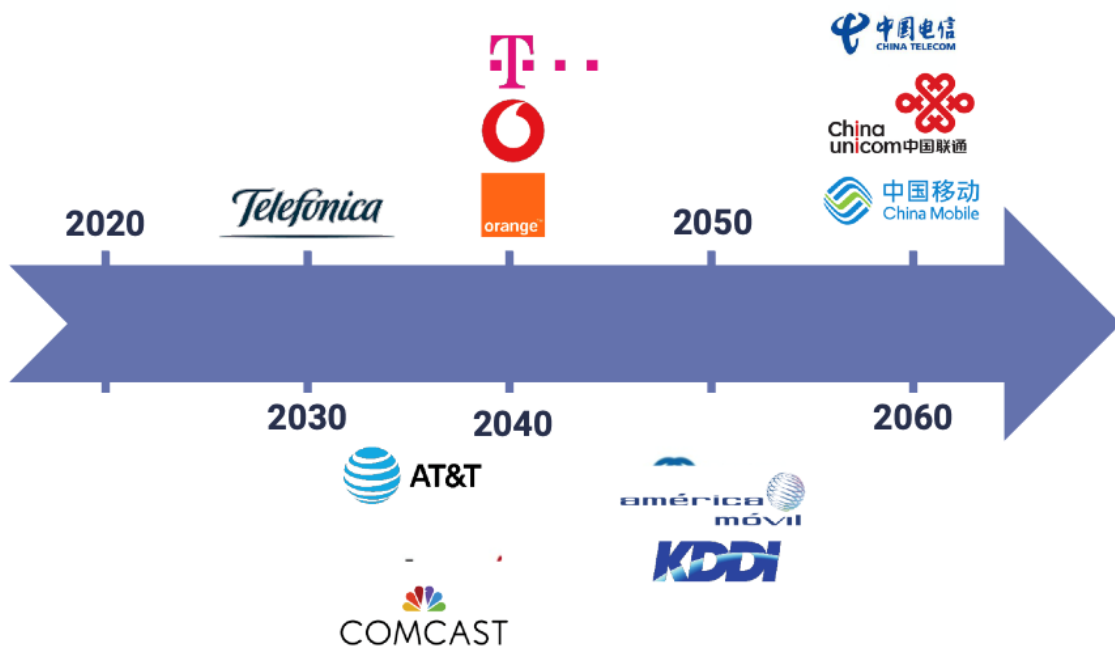
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Introduction

There are over eighty telecoms operators globally that turn over \$1 billion or more in revenues every year. As major companies, service providers (SPs) have a role to play in reducing global carbon emissions. So far, they have been behind the curve. In the Corporate Knights Global 100 of the world's most sustainable corporations, only five of them are telcos (BT, KPN, Cogeco, Telus and StarHub) and none of them are in the top 30.

STL Partner's October 2021 report **Telco roadmap to net-zero carbon emissions: Why, when and how** explores the aims, visions and priorities of SPs in their journey to become more sustainable companies.

Service providers (ISPs) have committed to net-zero but within different time frames

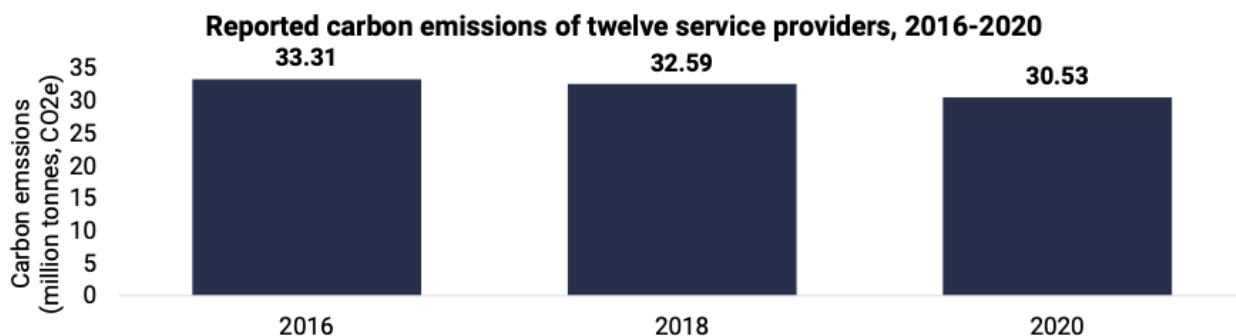


Source: STL Partners

STL's Partners' report seeks to understand the practical steps service providers are undertaking to reduce their carbon footprints. This includes discovering how they define, prioritise and drive initiatives as well as the governance and reporting used to determine their progress to 'net-zero'. Each SP's journey is unique; STL Partners explored how

regional and market influences affect their journey and how different personas and influencers within the organisation approach this topic.

Some of the leading SPs have significantly reduced carbon emissions over the last 5 years



Source: Company sustainability reports of AT&T, Verizon, Orange Group, KDDI, BT, Bell Canada, SK Telecom, Singtel, Swisscom, Rogers Communications, MTN, Virgin Media, Telefonica, STL Partners analysis

Different elements of sustainability are moving at different speeds

Some SPs have been actively pursuing bold sustainability agendas for years. However, there has been a more recent and universal development across the industry, inspired and spurred by national governments' and high-profile corporations' pursuit of 'net-zero' commitments. This has catalysed many SPs into action.

Sustainability efforts across SPs nonetheless remain highly variable and fragmented. While some SPs are taking committed and ambitious actions around carbon emissions, many others are still trying to determine what they need to be measuring and reporting in the first place. All have their own unique challenges, though even the most ambitious SPs are still struggling with the circular economy and its impact on scope 3 emissions in particular.

Pressure to ramp up efforts around sustainability stem from many parties:

- Employees: who want their personal values to align with the corporate values of their employer
- Investors: who believe that the long-term economic costs of climate change will have a negative impact on share value

- Regulators and public policy makers: who are mandating that companies make efforts to reduce their carbon footprints
- Consumer customers: who want to purchase products and services from green companies
- Enterprise (including public sector) customers: who have their own carbon emission reduction targets that they want to hit and want SPs, as suppliers, to ensure they work with them to achieve this

Microsoft carbon emissions targets



CASE STUDY

As an industry leader, Microsoft's aggressive targets put pressure on SPs and others in the technology space

- While most SPs are on their journey to net zero carbon emissions, technology giant Microsoft has committed to some highly ambitious targets: it will aim to be **carbon negative by 2030** and then **by 2050** it has committed to **remove from the environment all the carbon the company has emitted** either directly or by electrical consumption since it was founded
- While it is not clear how Microsoft will reach these commitments, its January 2020 announcement has:
 1. Demonstrated that it believes these aggressive targets are achievable
 2. Set a precedent for other technology companies to follow suit



Source: [Microsoft blog](#), January 2020

What do we mean by scope 1, 2 and 3?

Many SPs making commitments to becoming a net-zero company will have specific carbon reduction targets which have been validated by the Science Based Targets initiatives (SBTis). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the 2015 Paris Agreement – limiting global warming to below 1.5°C above pre-industrial levels.

For most SPs, scope 1 (e.g. emissions from the fleet of vehicles used to install equipment or perform maintenance tasks on base stations) and scope 2 (e.g. the electricity they purchase to run their networks) makes up less than 20% of their overall footprint. These emissions can be recorded and reported on accurately and there are established methodologies for doing so.

Scope 3, however, is where 80%+ of SP carbon emissions come from. This is because it captures the impact of the SP's whole supply chain, e.g. the carbon emissions released

from manufacturing the network equipment that they deploy. It also includes the carbon emissions arising from supplying customers with products and services that an SP sells, e.g., from shipping and de-commissioning consumer handsets or servers provided to enterprise customers.

How STL Partners Sustainability practice can support you

Tackling climate change has moved to the top of everyone's agenda. This includes the telecoms industry. Operators and their partners are committing to reduce their carbon footprints over the next decade: in many cases to net zero.

Sustainability is a key component of the Co-ordination Age: STL's vision for the future of telecoms. Through our research, consulting and participation in telco sustainability events we share best practice, insights and supporting rationale for the industry to accelerates its transition.

Get in touch to understand how STL Partners can support you: grace.donnelly@stlpartners.com

Or visit STL Partners' Sustainability hub

www.stlpartners.com/telecoms-sustainability