



WHERE ARE SPs IN THEIR ROADMAP TO NET ZERO?

The telecoms industry has a key role to play in reducing global carbon emissions, but as it stands there is huge variety in how close SPs are to achieving net zero. This article explores where SPs are in their sustainability journeys, and their key areas of focus moving forwards.

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The telecoms industry has a key role to play in reducing global emissions

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 an essential role to play in reducing global carbon emissions. So far, they have been behind the curve. While there is evidence of SPs reducing their carbon emissions over the last five years, the speed of reduction is slow. For example, twelve of the leading SPs¹ have only managed to reduce their carbon emissions from a cumulative total of 33.31 million tonnes of carbon dioxide emitted in 2016 to 30.53 million tonnes in 2020.

The largest SPs globally have all committed to net-zero carbon emissions – but will deliver in different timeframes



Source: STL Partners

Where are SPs in their sustainability journeys?

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

¹ AT&T, Verizon, Orange Group, KDDI, BT, Bell Canada, SK Telecom, Singtel, Swisscom, Rogers Communications, MTN, Virgin Media and Telefonica

are still struggling with the circular economy and its impact on scope 3 emissions in particular.

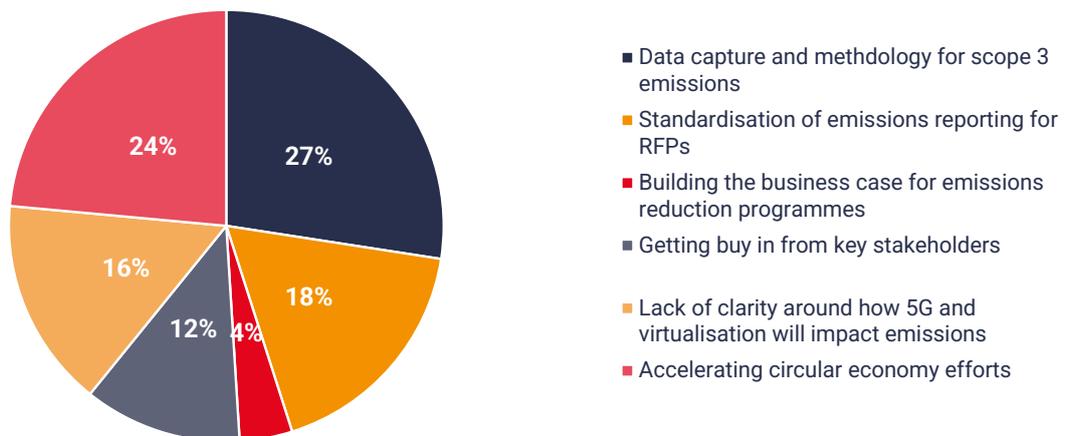
European SPs are leading the way

The market an SP operates in has a significant impact on its carbon emissions journey. This is because it impacts the regulations that the SP needs to operate within, and because factors like the dirtiness of the country's grid impact the challenges an SP faces. Market dynamics are a key reason why many European SPs are further ahead in their journey and are more likely to have committed to net-zero emissions in a more aggressive timeframe. Impending EU regulation like **Fit for 55**, means that many SPs feel they have little choice but to introduce reduction initiatives, while SPs in North America and Asia are weighing up whether reducing carbon emissions will increase their customer, employee or shareholder satisfaction.

For SPs who are further ahead in their sustainability journeys, a large focus is on the supply chain. This is where all SPs will eventually need to focus since supply chain activities account for more than 70% of overall SP emissions. Since measuring these emissions requires capturing information from the very beginning of a supply chain to the very end, many SPs struggle to measure and report their supply chain emissions. This is a particular challenge in markets where suppliers are less geared to sustainability, such as in Asia or Africa. Therefore, despite the supply chain being the biggest contributor to an SP's carbon footprint, it is also the most nascent area in terms of measures being undertaken to reduce it.

Data capture and the circular economy were identified as key challenges

What are the biggest challenges around reducing carbon emissions for telcos?



Source: STL Partners interview programme, August 2021

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The focus for SPs earlier in their carbon emissions reduction journey tends to be on procuring green energy (e.g. from renewable sources) or on being more energy efficient, since this is an obvious way to make a tangible impact on emissions (with clear associated cost savings). However, the playing field for moving to greener energy is not even. Some regions in South America and Western Europe have very green electric grids already, so there are fewer barriers to the SP purchasing green energy. In others, particularly in Asia, this is very challenging or simply not possible.

Many SPs in Asia are therefore further behind in their journey to net zero emissions. This is also driven by the lack of a strong market influence; there is no need to prioritise sustainability efforts when customers or stakeholders do not request it.

SPs must build sustainability into all areas of the business

In order to deliver on their net zero emissions commitments, SPs will need to see change across all areas of their business. This will require consistent and formal backing of sustainability initiatives by both CSR (corporate social responsibility) teams and senior board members, and collaboration and sharing of best practices between teams. We have explored how stakeholders across the organisation can play a part in furthering efforts in our report: [Telco roadmap to net zero carbon emissions: why, when and how](#).

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:
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Or visit STL Partners' Sustainability hub

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