

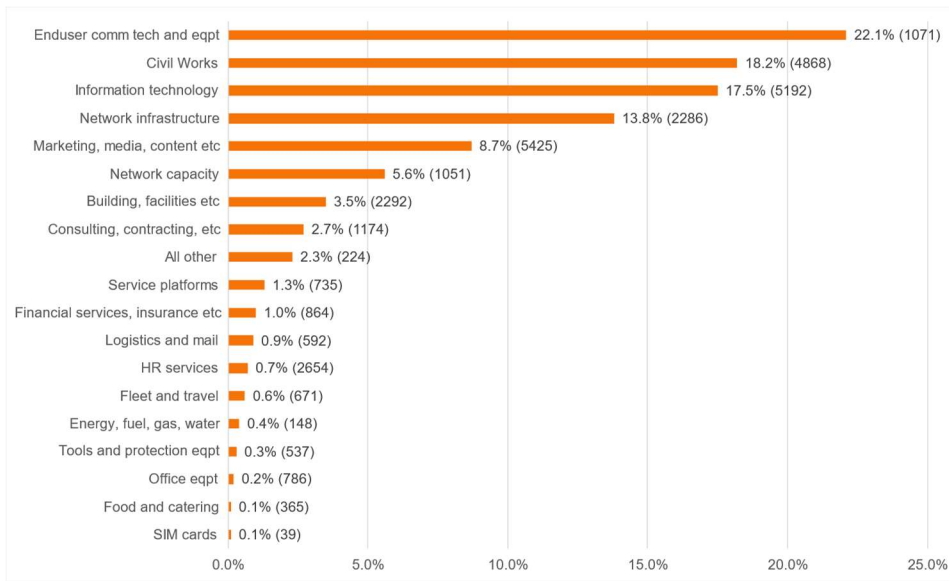
an estimate of its Scope 3 emissions, saying that “no target has been set yet...” by the government. The key standards and organizations in Table 1 are widely supported, though, at least outside of China.

Further, as Table 1’s last row indicates, the accounting standards board IFRS is leading an effort to bring the same rigor used for financial accounting to the world of sustainability accounting. Part of that effort is to consolidate SASB, which it absorbed in late 2022, into a new “International Sustainability Standards Board” (ISSB). This effort is very focused on investor communications, i.e. financial disclosure. The IFRS says that the ISSB “builds on the work of market-led investor-focused reporting initiatives, including the Climate Disclosure Standards Board (CDSB), the [TCFD], the Value Reporting Foundation’s Integrated Reporting Framework and industry-based SASB Standards, as well as the World Economic Forum’s Stakeholder Capitalism Metrics.” ISSB is a work in progress and should be followed closely, as it may eventually impact how telcos choose their suppliers. While the ISSB adds uncertainty to an already muddled landscape of standards, the convergence is a plus. Referencing the new IFRS developments, MTN Group’s CEO Ralph Mupita said that he “welcomes the convergence of sustainability reporting standards.”

How will telcos consider suppliers’ green credentials in procurement?

As noted at the outset, telcos engage with thousands of suppliers in a given year, across many types of products and services. The vast majority of a typical telco’s carbon footprint is tied to this supply chain. A few big suppliers will always stand out, but the smaller ones add up. Figure 1 below shows how the supply chain spending of one telco, DT, is allocated by category of spend, and the number of unique suppliers in 2022 in each category.

Figure 1: DT’s 2022 suppliers by category – percent spend (# of suppliers)



Source: DT Sustainability Report, 2022

In order to pressure their suppliers, telcos often engage them 1-on-1 via climate questionnaires, working groups, and training sessions. They sometimes develop products together with an eye on reducing energy consumption and carbon footprint; this is often the case with CPE, for example cable TV set-top boxes. Telcos also engage the most important suppliers in small groups, such as at annual supplier conferences. For instance, Telstra says that it hosted a forum with its “largest suppliers” in October 2021 to “discuss how we can work together towards a low carbon future”. One result of this was to raise the vendors’ participation rate in the CDP Supply Chain Program, which Telstra can leverage across its