# Unlocking sustainable finance to achieve Europe's Digital Decade targets

## Summary

- Telecommunication networks are the foundation of all sectors of the economy, connecting people and business across the European Union (EU) and beyond. The deployment of modern, state-of-art telecommunications networks is essential for the EU to strengthen its competitiveness, advance the European Industrial Strategy, and contribute to its goals of climate neutrality and digital leadership.

- Building modern telecommunication network infrastructure is capital intensive. A study prepared for the European Commission estimates investment needs of over €174 billion in Europe's telecom infrastructure to achieve the EU's 2030 connectivity targets[1]. To support the EU's twin transition objectives, these critical and necessary investments in telecommunication network infrastructure should also align with EU sustainability standards.

- The EU Taxonomy framework can play an important role in helping to achieve the EU's Digital Decade targets. Based on robust and science-based criteria, the taxonomy can become a key tool to help guide investment activities by the telecommunication sector and Member States to align with the EU's climate targets.

## European networks are leading the race to net zero

Connect Europe, Ecta, Ericsson, GSMA and Nokia welcome the European Commission's policy efforts to pave the way for a more sustainable telecommunication sector in the EU.

The European telecommunications sector is a leader on climate action, reducing its operational emissions (Scope 1 and 2) by more than 50% between 2019 and 2022, outpacing all other regions in the global race to net zero[2]. The sector is greening its own operations by rolling out energy-efficient next generation networks, purchasing renewable energy, and advancing circularity initiatives. For example, European operators purchased over 20 TWh of renewable electricity in 2022, accounting for 40% of the industry's global total[3].

At the same time, the telecommunications sector also plays an increasingly important role in the twin transition by enabling smart and connected solutions that reduce emissions across other sectors and society. For example, digital connectivity, combined with sensors and AI, is an important enabler of clean energy transitions by helping to integrate the growing number and share of distributed and variable renewable energy resources.

## Substantial investment needed to meet digital and climate targets

The telecommunications sector is making major investments in the latest state-of-art telecommunication networks to contribute to the EU's ambitious connectivity and environmental goals. These include investments to improve the efficiency of existing networks as well as the deployment of energy-efficient next-generation networks. Thanks to these investments, European network energy use has remained flat in recent years, despite a rapid growth in data traffic[4].

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[1] WIK-Consult (2023), Investment and funding needs for the Digital Decade connectivity targets.
[2] GSMA (2024), Mobile Net Zero 2024: State of the Industry on Climate Action.
[3] GSMA (2024), Mobile Net Zero 2024: State of the Industry on Climate Action.
[4] GSMA (2024), Mobile Net Zero 2024: State of the Industry on Climate Action; Lundén et al. (2022), Electricity Consumption and Operational Carbon Emissions of European Telecom Network Operators.

As demand for data and connectivity is continuing to grow strongly[5], further efforts are needed to reduce the environmental impacts of networks, including through improving energy efficiency, increasing renewable energy use, increasing circularity, and addressing emissions across the industry's value chain.

Promoting investment in green and efficient digital networks is also crucial for cultivating competitive and innovative markets and ensuring widespread coverage for all citizens. Therefore, we welcome the specific focus put on sustainability in the European Commission's White Paper 'How to master Europe's digital infrastructure needs?'[6].

### Encouraging investment in green digital networks

The EU Taxonomy can play an important role in guiding investments in digital technologies that align with and support the EU's climate targets. While there are existing taxonomy activities on digitalisation[7], there is a clear need for an additional specific Taxonomy activity to attract critical investments in green telecommunication networks.

We recommend that the EU Taxonomy include a new activity on electronic communications networks (ECNs) to unlock the potential of sustainable finance to meet the EU's Digital Decade targets. This will ensure that critical investments in networks align with EU sustainability standards and support the EU's net zero climate goals.

We note that other network infrastructures are already included in the Taxonomy, notably electricity networks under activity 4.9 'Transmission and distribution of electricity'. Electricity and electronic communication networks are critical infrastructures and fundamental to the decarbonisation of modern society, facilitating the flow of electricity and data that power and digitalise our homes, industries, and daily activities.

### Ensuring sustainability with robust and science-based criteria

The European Commission Joint Research Centre (JRC), together with DG Connect, recently published a report on '*Identification of common indicators to measure the environmental footprint of electronic communications networks (ECN) for the provision of electronic communications services (ECS)*' [8]. The report presents a range of key performance indicators (KPIs) to measure the environmental impacts of networks. We consider this report as a suitable reference as the results build on recent work by the Body of European Regulators for Electronic Communications (BEREC) and have been obtained through consultation and discussion with European telecommunication network operators and other key stakeholders.

While the Commission works to develop a Code of Conduct for telecommunication networks, the JRC report on environmental indicators for networks provides a good starting point to develop a new Taxonomy activity on electronic communication networks. If the new Taxonomy activity is included prior to the completion of the forthcoming Code of Conduct, it would be of upmost importance to use a robust and science-based technical screening criteria in the interim.

**In conclusion, we recommend including a new activity on electronic communication networks as a Taxonomy-eligible economic activity in the next review of the Climate Delegated Act.**

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[5] ETNO (2023), The Evolution of Data Growth in Europe.
[6] European Commission (2024), White Paper - How to master Europe's digital infrastructure needs?
[7] 'Data processing, hosting and related activities' (8.1) and 'Data-driven solutions for GHG emissions reductions' (8.2)
[8] 'https://op.europa.eu/en/publication-detail/-/publication/f20d6915-e029-11ee-a5fe-01aa75ed71a1/