

When Green meets Digital:

What's behind the new "European Green Digital Coalition"?



Background:

On 19 March 2021, two initiatives emerged as part of the Digital Day hosted by the EU Commission. The online event saw commitments made by European States in a joint declaration, and by 26 large international companies through the creation of the "European Green Digital Coalition" (EGDC). In the context of the EU Green Deal¹ and the EU's digital strategy,² their focus is the increasing interactions between the environmental and digital spheres, with two objectives: Reducing the ICT sector's environmental footprint (2% of global greenhouse gas emissions); and enabling digital solutions in other priority sectors such as mobility, energy and industry, in order to help reduce global emissions by up to 15%.³

Key takeaways:

The 26 companies undertake to pledge to reach climate neutrality by no later than 2040. Commitments also include increased disclosure, sharing best practices as well as building common methodologies and indicators. By using non-binding tools rather than legislative tools, the Commission hopes to enable rapid innovation. For companies across Europe and beyond, the EGDC questions how climate targets can be achieved while leveraging digital solutions. This requires both innovative contractual solutions and close monitoring of increasingly stringent environmental legislation across the EU.

¹ Communication from the Commission "The European Green Deal", 11 December 2019, COM (2019) 640 final [\[link\]](#).

² Communication from the Commission "Shaping Europe's digital future", 19 February 2020, COM (2020) 67 final [\[link\]](#).

³ European Commission "supporting the green transition" Factsheet, February 2020 [\[link\]](#).

One conference, two declarations

Two Declarations have been signed on 19 March 2021. One includes commitments from several European States. The other involves companies, which now form the European Green Digital Coalition.

26 European countries committed to act for a Green and Digital Transformation in the EU

The event led to the signature of a Declaration for A Green and Digital Transformation of the EU⁴. This document was signed by 24 member States of the European Union and Norway and Iceland⁵. Its goal is to accelerate and take the global lead on the green digital transformation, building on the Council Conclusions⁶ as well as on the Digital Strategy⁷.

The signatories of the Declaration will act at the national level, especially in the following areas:

- Take advantage of key solutions such as the 5G and 6G networks, IoT, Blockchain technologies, cloud solutions and Artificial Intelligence to deal with climate change and protect the environment;
- Reinforce the accessibility of data through standardised and interoperable common European data spaces;
- Set up digital twin to help monitor climate change;
- Help cities become more green and digital;
- Support smart and sustainable mobility systems;

- Develop digital product passport to track products, improve transparency and consumer empowerment, and support circular and sustainable economy;
- Improve the green and digital transformation of public services for more inclusivity and accessibility;
- Contribute to the development of a more sustainable European cloud and blockchain infrastructure, as well as more energy efficient data centres, by setting up sustainability standards;
- Promote and support green public procurement to stimulate a strong European market for green technologies.

In addition, the signatory States also committed to support European green tech start-ups and SMEs using EU funding programmes such as NextGenerationEU, and InvestEU, and leveraging private equity including venture capital.

26 companies engaged to support the Green and Digital transformation

26 CEOs of leading companies of strategic sectors have signed a Declaration⁸ to support the Green and Digital Transformation of the EU and forming the European Green Digital Coalition (EGDC). The 26 signatory companies are: **Accenture, Aruba, ATOS SE, Beyond.pl, Bolt, Dassault Systèmes, Deutsche Telekom AG, Ericsson, IBM, Liberty**

Global, Microsoft, Nokia, NOS, Orange, OVHCloud, Proximus, SAP SE, Scaleway, Schneider Electric, SHIFT GmbH, TDC Group A/S, Telefónica, A1 Telekom Austria Group, DNA Head of Telenor Group's Nordics, Telia Company, Vodafone Group.

⁴ Ministerial Declaration "A Green and Digital Transformation of the EU" [\[link\]](#).

⁵ The following countries signed the Declaration on Digital Day 2021: Austria, Belgium, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Norway and Iceland.

⁶ Council Conclusions of 17 December 2020 on "Digitalisation for the Benefit of the Environment".

⁷ Communication from the Commission of 19 February 2020, "Shaping Europe's digital future" COM (2020) 67 final [\[link\]](#).

⁸ Declaration of the European Green Digital Coalition Members "In support of the Green and Digital Transformation of the EU" [\[link\]](#).

45 SMEs and startups also stated their commitment⁹ and are expected to join in the coming months. The EGDC also welcome other companies in the green digital transformation to join the Coalition.

New climate commitments for companies

Through the Declaration, CEOs announced their commitment to speeding up the “green” transition in priority sectors such as energy, mobility, manufacturing, agriculture and construction.

In particular, they commit to actively support the synergy between the green transition and digitalisation. For this purpose, the Declaration states that to become members of the Coalition the companies are required to:

- Establish science-based targets for reducing GHG emissions by 2030;¹⁰
- Become climate neutral¹¹ or net-zero¹² no later than 2040, i.e. ten years ahead of the EU’s overall target in the context of the Paris Agreement.

In fact, some of the signatory companies have already made such commitments, some of which even more ambitious. For instance, **Microsoft** committed to be carbon negative by 2030 and to remove from the environment all the carbon the company has emitted either directly or by electrical consumption since it was founded in 1975¹³. **Atos** committed to reduce by half the emissions under its direct control by 2025 and achieve the same reduction for the emissions under its influence by 2030, in order to progressively reach net-zero emissions by 2035¹⁴. **Orange** has set the goal to reduce their CO2 emissions by 30% from 2015 to 2025 and to reach 50% of electricity from

renewable source in order to achieve net-zero carbon emissions by 2040¹⁵.

For companies which have not yet made such commitment, it will take the form of a sustainability pledge, which will be monitored by an independent organisation and publicly reported.

This is a significant step for the companies involved, as climate-related commitments increasingly shape group strategies around the world.

Such commitments should also be viewed against the backdrop of increasingly stringent requirements in terms of disclosure and due diligence requirements in the EU, including for climate change mitigation. Indeed, the EU Commission is expected to unveil in April two sets of legislation in that field: A revision of the 2014 Non-Financial Reporting Directive¹⁶ and a proposal for sustainable corporate governance legislation.¹⁷

Enabling the digital transformation

Signatories also commit to contribute to the success of the green digital transformation of the EU. To this end, they undertake to carry out the following actions:

- Invest in the development and deployment of green digital solutions ;
- Engage with relevant organisations to develop standardised methodologies to assess the impact of these solutions.

As an example, Dassault Systèmes is currently investing in solutions such as **digital twins**, i.e. a digital equivalent of a physical product, used for simulation based on actual data collected from the product’s data sensors. The company has recently released a white paper in conjunction with Accenture

⁹ The list of SMEs and start-ups is available here [\[link\]](#).

¹⁰ Such as the Science-Based Targets Initiative (SBTI) Guidance for ICT sector companies to set targets aligned with 1.5°C climate science [\[link\]](#)

¹¹ For example by joining the Climate Neutral Data Centre Pact [\[link\]](#)

¹² Such as the SBTi Guidance for net-zero target-setting [\[link\]](#)

¹³ “Microsoft will be carbon negative by 2030” [\[link\]](#)

¹⁴ “Atos commits to net-zero carbon emissions by 2035, setting the highest decarbonisation standards for its industry” [\[link\]](#)

¹⁵ “Environmental commitment : net zero carbon emissions by 2040” [\[link\]](#)

¹⁶ [\[link\]](#)

¹⁷ [\[link\]](#)

underlining the potential to significantly reduce global emissions.¹⁸

Another example is Orange, which has developed a number of digital services to accelerate the development of **smart cities**, such as the installation of wireless sensors to identify free parking spots and provide real-time information to drivers via a mobile application.¹⁹

Next steps

Progress reports in 2022

Both companies and States undertake to provide an assessment of their commitments:

- The members of the EGDC commit to contribute to the development of guidelines and recommendations for the deployment of green digital solutions in different sectors, for which progress reports should be presented in 2022.

Sector-specific indicators

For the EGDC, work is on-going to design specific indicators for each sector and in particular, to measure the **contribution of digital technology to their decarbonisation**. To do this, companies plan to collaborate with experts from the tech industry and from each of the sectors covered, with their own methodology. The methodologies for measuring this impact and the recommendations for each sector will be presented at various events during 2022.

Here the coalition builds on existing initiatives. In February 2021, with the Climate Neutral Data Centre Pact (CNDP) initiative, cloud and data centre players committed to carbon neutrality by 2030 based on indicators designed with the European Commission over the course of a year.

This is significant as the indicators, if successful, would have the **potential to become industry-wide standards**, similar to indicators and data sharing

We also see a number of **collaborations and partnerships between companies** willing to share their knowledge and expertise, and monetise their data. The goal is to accelerate their digitalization, thus contributing to a green transformation. For instance, Schneider Electric and Suez have set a company focusing on the development of digital solutions to optimize tools allowing water treatment.²⁰

- Companies not members of the coalition may benefit from this work, although the actual format and timing of publication is not yet clear.
- Regarding States' commitments, the European Commission will regularly monitor and assess the progress made. A repository will allow them to share their experiences, best practices and key takeaways related to the implementation and follow-up of the declaration.

mechanisms established by the not-for-profit charity CDP for companies reporting their greenhouse gas emissions.

It is also possible the EU will work on the implementation of new environmental sustainability standards concerning digital technologies, networks and data centres – possibly building on the work done by the coalition.

Close monitoring of the EGDC effort to build indicators and mechanisms is therefore recommended.

¹⁸ [link]
¹⁹ [link]
²⁰ [link]



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