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IISDCOMMENTARY

ICTs, the Internet and Sustainability:

An interview with Luis Neves

The following is the record of an interview with Luis Neves, chairman of the Global e-Sustainability Initiative (GeSI) and vice president, Corporate Social Responsibility, Deutsche Telekom. The interview was conducted by David Souter, senior associate, IISD and managing director of *ict* Development Associates, in July 2012.

This interview is one in a series of papers being published by IISD's Global Connectivity team to inform and stimulate discussion and debate on the relationship between information and communication technologies (ICTs), the Internet and sustainability, surrounding the UN Conference on Sustainable Development in Rio de Janeiro in June 2012 (Rio+20), the UN Internet Governance Forum in Baku in November 2012 and the International Telecommunication Union (ITU) World Conference on International Telecommunications in Dubai in December 2012 (WCIT-12).

In addition to his current affiliation with GeSI and Deutsche Telekom, Luis Neves has served as the deputy general secretary of Communications International and department head at Marconi, now Portugal Telecom. He was a permanent member of the Joint Committee on Telecommunications in the European Union and chaired diverse Work groups.[1]

I'd like to start with a general question about corporate social responsibility [CSR]. As someone who works in that area with Deutsche Telekom, what are your priorities in CSR?

We take three dimensions of CSR into account in our activities—the social dimension, the environmental dimension and the economic dimension—that is, with our approach, we strive to bring value added to the company. Of course, that's not always possible. Most of the things we do are related to reputational risks and the reputation of the company, but we try as much as we can to drive our sustainability strategy, to show that there is really a benefit, a value, and we report on that.

We have been focusing activities around three main areas. One is what we call "Connected Life and Work," another is very much related to the digital divide, "Connect the Unconnected," and the third is a "Low Carbon Society." The first of these is focused on our own employees and customers. We try to show the benefit of ICT in providing a better working life balance through the use of ICT services and solutions and for these being a major driving force for sustainable life and work. The second is about using our products and technology to integrate people who

[1] Biography abstracted from http://www.itu.int/themes/climate/events/bios/neves.html

have been excluded from it into the Information Society. We want to set an example in the integration of people in the Information Society. And the third, a Low Carbon Society, is about showing the enabling impact of ICTs, using ICT to drive down greenhouse gas emissions and to create more sustainable living. We also try to improve our own environmental efficiency in all of our activities—from transportation to using videoconferencing, flexible working and so on. Through this, Deutsche Telekom wants to be a leading company on the road to a low carbon society.

How widely shared is that approach within the ICT sector? Do some companies seek to fulfill those kinds of objectives while others drive down standards? Is there a collective view across the industry?

I would say yes, if you look at the most relevant companies, the biggest players. My experience, from exchanges with other companies or with my peer group within those companies, is that most of them are looking at it more or less in the same way as we do. What can vary sometimes is the focus. In our case we are focusing on these three main areas.

Do you think governments should be using regulatory powers to make businesses more environmentally responsible?

I think there always needs to be a mix between what can be regulated and what companies can be left to do by themselves. I see a role for governments in providing a better, more appropriate framework to drive the enabling impact of ICTs. That is not happening today. Governments could put in place some more support through what I would call soft legislation. When governments put in place soft legislation or soft regulation, there is a clear benefit not only in growth creation but also job creation.

The ICT sector could show more how the ICT sector can not only drive down emissions but also create growth opportunities and job opportunities. That has been demonstrated in the different SMART studies that GeSI [the Global e-Sustainability Initiative] has been carrying out—not only the global study, but also national ones we did in Germany, the USA, Portugal and Spain.

We already see a trend towards governments regulating CSR in some critical areas. There is a recent initiative from the European Commission on CSR that will be finalized by 2014. That shows there is a political perception that some areas need to be regulated. Our technologies are becoming more pervasive. You see the potential of technology for both good and bad. There is clearly a need to put in place some mechanisms that make sure we do business in a sound and responsible manner, and therefore I can understand in some cases that governments are now pushing more on the regulatory side. From my perspective, that will help us to better drive our business because I do not see always at management level the perception that CSR is important. Boards of management are driven by fulfilling shareholders' interests and short-term profitability. Corporate social responsibility is about long-term and sustained profitability, which is treated as secondary.

So is there a risk that shareholder interest can drive down standards?

Indeed I do see a risk there. Some shareholders are concerned about CSR. In our company we have big shareholders that require us to act responsibly and who value CSR. But, of course, as I said, for shareholders there is always a short-term objective, while sustainability is about long-term objectives. Let's say, our role in the company, the role of the CSR department, is to be a kind of missionary in explaining and convincing top management, but also employees and different leadership levels, that the long-term perspective better serves shareholders' interests.

Can we turn to GeSI, the Global e-Sustainability Initiative, which you chair? Could you describe it—its origin and objectives, how it works, which parts of the industry are involved and what you think it has achieved so far?

GeSI has been working pretty well. I can look back six years, since I took over as chairman. We were then a small group of, I think, 12 companies, coming together twice or three times a year to exchange views on environmental issues—very much focused on the environment. Since then we have established ourselves in Brussels, in an office with staff. We are now 32 companies and we are engaged in the debate about the role of ICT—to be a transformational industry, to make the world more sustainable and also to contribute to welfare and growth. I think to some extent we have achieved that.

We are engaged in different critical areas. We started to work on our supply chain, because of the reputational risks derived from the fact that our industry moved to developing countries to produce there—to China, South America and many countries in Asia. We started to focus our activities on this, to address the challenges in our supply chains and in our first- and second-tier suppliers. From there we moved to other areas like energy efficiency and climate change, the extractives industry and raw materials, and the challenge that our products have a very short life cycle and we are to some extent damaging natural resources and creating huge environmental impacts. So we have been moving in that direction, trying to have a common perception and to find the right solutions to address the challenges.

That has been well perceived by companies that joined GeSI. We are now 32 multinationals but, most importantly, we also managed to establish alliances with important organizations like the ITU and UNEP, the World Business Council for Sustainable Development and the StEP Initiative [Solving the E-Waste Problem], as well as with Green Touch and ETSI [the European Telecommunications Standards Institute]. These organizations came to us to engage with us, so the overall perception was that what we were doing was relevant not only for the ICT Industry but for all industries. They are engaging with us in different activities. For example, last week we started the first e-waste academy in Ghana, where we are educating policy-makers to address the e-waste problem, which represents a major challenge nowadays.

Looking at GeSI's membership list, the big Web 2.0 businesses are not included. Is there a reason for that?

I think the reason is mainly that GeSI was created by traditional telcos, former monopolies and vendors. Google is in discussions with us to join. The reason for that is that we have just engaged in a new area that has not yet been publicized. We are now part of the debate on privacy and freedom of expression. GeSI is well positioned for that because we are the only global industry organization that is concerned with both upstream and downstream issues. On the one side we have the supply chain challenges like working conditions and child labour issues, working time and so on. Then we have the extractives industry, which also poses quite a lot of social challenges to us and to our industry. On the downstream side, we have privacy, freedom of expression and Internet issues and so on.

So we are now involved in that area. I am part of the advisory group of the European Commission for the ICT sector, and we are involved in the discussion to provide guidelines on this by the beginning of next year. Inside GeSI, we are creating a multistakeholder group. We are bringing together different NGOs and politicians, investors, academia and the industry, to start our own internal debate about the challenges and to get into better shape the upcoming legislation in Europe. Through this open platform process we will be able to better understand the challenges ahead and what kind of mechanisms need to be put in place to respond to the human rights challenge.

More generally, can you put in one or two sentences how GeSI sees the relationship between information technology and sustainable development?

There is a strong relation. One aspect has to do with the enabling impact of ICT—the potential for ICT to generate huge efficiencies in almost every single sector. The other is related to virtualization of goods—the more you see ICT developing, the more you see how amazing it is for ICT to virtualize things that were material. I think this is a trend that will continue. We will see that ICT is unique in ensuring sustainable lifestyles in the near future.

The SMART 2020 report was very influential. It emphasizes two dimensions of the relationship between ICTs and climate change—the negative impact of the spread of ICTs on greenhouse gas emissions; and the positive impact, which you've just mentioned, the potential of virtualization and smart systems to reduce emissions. There's a tendency among some people to try and trade those off one against the other. Do you think that's reasonable, or do you see them as separate challenges that need to be addressed in separate ways?

I would put it this way. Everybody has an impact, a negative impact, on environment. We as human beings, we have our own footprint, our own negative impact—and we also can do good things, positive things. With industry, it is the same. There is no industry that does not have a negative impact, and there are industries that have a much bigger impact than others. But no one is out of the negative side of the impact on climate.

In the case of ICT, I think we are unique in the sense that there is no other industry that can help other industries so much to reduce their impact. Yes, we have our own negative impact, and we acknowledge as an industry that this impact will grow. The more we develop services and solutions, and with increasing traffic in our networks, there will be more energy consumption and therefore our carbon footprint will increase. But at the same time there is a positive side whereby, although we will increase our footprint, that increase is allowing others to reduce their footprint.

So we have a positive natural balance, which no other industry has. We have that potential, and I think we should use that potential. If we don't cooperate with other industries like the energy sector, the logistics sector or the building sector, the problem will be much bigger than we have today. We need to integrate the different energy sources, to make them "smart." We need to help the building sector get more synergies and implement monitoring systems. In the transportation sector, it's the same, we have a complementary role and we should use that complementary role. I think it's important to invest more in ICT, to put our efforts into ICT innovation, so that we can better help other industries to face their own challenges.

Decisions about whether smart systems are used in other sectors aren't made in the ICT sector. They are made in those other industries—big utilities, energy companies, manufacturers and so forth. How easy are you finding it to get the message across to them that they should be implementing smart systems?

It's a very good question and it's a very difficult one to answer. The problem is that every single industry has its own business models, which are designed to make the companies profitable. It's very difficult in dialogue with them to explain that there is a need to change business models and that there is a clear benefit to be achieved by doing that. We have not yet been able to show that to other industries, unfortunately. I think the reason lies in the fact that the changes that should take place also need to have political support and some regulatory support as well as the necessary sound and secure investment framework. That brings us back to an earlier question that you raised, that there is the need for

governments to understand the challenge that we are facing and, through the right incentives, to support the processes that should take place. The industries alone will not be able to do that in a very short time.

Can we turn to the mitigation challenge facing the ICT sector? As the sector expands, so does its carbon footprint. Do you think the industry is doing enough to reduce that footprint? Are there things it should be doing that it's not doing?

It's hard to say if more could be done. I can only speak on behalf of Deutsche Telekom, but we have been doing everything possible to keep down the footprint. We have been changing internal policies. We have been putting more emphasis on sustainability in our supply chain. We have been changing contracts. We now have a sustainability clause in our contracts whereby part of the decision on procurement is based on sustainability. We have been reducing our energy consumption. We are putting very strong targets on reducing carbon emissions.

If you look at most of the telcos and the major vendors, they are establishing very high targets for reducing emissions up to 2020. I can hardly see any other sector that has been doing so much. The question is always: can we do more? If I go to Brussels, Commissioner Reding, when she was ICT commissioner, and now the new commissioner, they always say "You can do more." But it's easier to say than to do.

Is the motivation for that primarily reputational or is it also advantageous to the bottom line?

I think the motivation is both. Of course we always like to speak about the things that we do and to promote them. We want to be a sustainable company. If we want to be sustainable and we want to make that public, then we need to put in place the right mechanisms to achieve that. We have been doing that in every single part of the company. I myself am now leading a climate change group in Deutsche Telekom. I have in my group every single part of the company that has an impact. Everyone has to give me the measures that they have in place. I can challenge all of them and say, "You are not doing enough, you need to do more." What we have now to resolve is the overall energy consumption of the company. We are using the energy mix in Germany, and what we are now discussing is how we can go 100 per cent renewable. That's not an easy one to resolve.

Can I take one specific issue you mentioned earlier, which is the life cycle of devices? *Prima facie*, it would seem that if the life cycle of a device were three years, rather than two years, that would have a significant positive environmental impact—in terms of waste, certainly, and probably also in embedded carbon. Does the industry see it as desirable to reduce the rate of churn or increase the life cycle of devices? And can you say something about how that might be done?

I think the question you raise is a very important one. We have been looking at it, of course. It's a very difficult one to address because, as a telecommunications company, we want people to use our network—to make phone calls and to be on the Internet, to transfer data and so on. For that to happen, people need devices and state-of-the-art devices, and they always like to have the most recent one. This is creating a huge environmental impact that we have not yet been able to address.

I think that we understand the dimension of the problem, but I'm not sure if we are ready to respond to the challenge that we have ahead of us. It's not possible, it is not sustainable, that we continue with the current business model. But I really do not see anyone looking at it carefully and thinking about what other ways we have to do things differently—how we can engage in a different dialogue with our supplier base, to make sure that they do not come up with a

new device every two or three months. I have not yet seen this dialogue take place. And this is a huge challenge; it is something that we need to think about very, very seriously. I do not have an answer.

What I try to do is to go to our suppliers and tell them, "Look, you need to change things, you need to think in a different way, you need to develop different business models with us." Companies like Samsung, Apple and so on, they always think about producing new gadgets, but I don't think that is the right way forward. I think we need to think about it differently. We need to engage in a dialogue with suppliers whereby they think differently if they want to continue to be successful.

GeSI has developed a number of tools and methodologies for businesses to use to assess their impact on the environment and how they might reduce that impact. How much take-up have you had for those tools?

Actually, the tools that we have been developing have been used not only by the GeSI community, but have also been used by suppliers. For example, e-TASC [Electronics-Tool for Accountable Supply Chains], which is a tool for measuring sustainable performance of a company, has been broadly used in the ICT industry. It was developed in a quite neutral way whereby it could be used not just by the electronics sector but by other industries as well. The problem is always about the willingness of companies to engage in the sustainability debate, to be credible and to do what they say.

We have been promoting not only e-TASC but other tools. For example, we developed a tool to measure carbon, "the ICT enablement methodology." The tools are being used, but not as much as we were aiming at. It's really a pity because the tools that we have developed are free. No one pays for them; we just bring them to the market and anyone can use them. We never set any target in terms of how many thousands of companies should be using them, but the take-up of these tools has not been to the level that we were aiming at.

Is enough attention paid to environmental impacts in standard-setting processes for ICT products and services?

I think so. On that, there has been a positive development. We have been looking more carefully to refine standards in a way whereby they would provide a better and a more credible basis to measure our impact. Look for instance at the development of Scope 3, the greenhouse gas protocol. With the World Business Council and the World Resources Institute we were part of that general debate, and we came to the conclusion that the standard that was developed was not really the one that we needed for the ICT industry. So we engaged last year together—with the Carbon Trust, with the World Business Council and the WRI [World Resources Institute]—in the development of an ICT standard that is also a Scope 3 standard addressing the challenges that we have in our industry.

We have been doing quite a lot of good work. I think more work can be done, but we will continue in that direction.

I am interested in what you think about the third level or societal effects of information technology—the extent to which we are moving towards an Information Society in which there are substantial changes in production and consumption patterns, in the nature of human settlements and so forth. Does GeSI look ahead to that kind of long-term societal change as well as dealing with the more immediate direct and indirect effects of ICTs?

Indeed, we are looking at that as well. We started a debate two months ago about how we will be living in 2050—not just an internal debate but we invited some 60 or 70 different stakeholders globally. We looked at it from an ICT perspective, with the objective of understanding what kind of role we can play as an industry to make sure that by that time [2050] this planet will still exist and we will have a good place to live in. Recently in Brussels we organized a big roundtable with around 80 or 90 different stakeholders to continue that debate.

If you read the outcome document from Rio+20, it says almost nothing about information technology. Do you think the sustainable development community has underestimated the significance of information technology on the way in which the world is developing?

I think you are right. It is very difficult for any sector to position itself in the framework of those conferences. Those conferences and the agreements that are made there are done by different organizations with different objectives. Organizations such as the Business Action for Sustainable Development, which is a business initiative, are very much driven by heavy industries. Or take the European Round Table of Industrialists, which is probably the most powerful business organization. You have the major ICT companies there and the major telecommunications companies there, but you don't see anything coming out in the papers from that initiative, which is clearly ICT-relevant. Of course they have a different focus. They are more driven by lobbying and regulatory issues, which is of course also needed. But we are starting to do the dialogue process and I am sure ICT will come up in the future as one of the relevant sectors in the framework of those discussions.

Thank you very much.

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