



### About this sheet

SOMO, the Centre for research on Multinational Corporations based in the Netherlands, is an independent, non-profit research and network organisation that works on social, ecological and economic issues related to sustainable development. SOMO coordinates makeITfair – a public awareness campaign run by a coalition of European and Southern NGOs, with the goal of enhancing sustainability throughout the electronics supply chain. Through an extensive international network of NGOs, SOMO is in a good position to highlight the problems and issues in different industrial sectors, as well as coordinating the expectations and demands that

NGOs have of companies to address these problems.

In this information sheet for responsible investors, we will outline NGO's priorities related to mobile network operators and their responsibility in making the electronics supply chain more sustainable. Responsible investors can use this information when leveraging their investment power to influence the behaviour of mobile network operators.

This information sheet is based on the priorities published by the makeITfair campaign, and the demands and input of members of the worldwide GoodElectronics Network.

### Responsibility of Mobile Network Operators

The value chain of mobile phones is characterised by many environmental and social issues, including the detrimental environmental and social impacts of mining, low wages in production countries and e-waste. The position of mobile network operators in this chain is particularly crucial, since these companies are an important retail channel for consumers. This means they have purchasing power that can be leveraged to improve social and environmental conditions in the mobile phone supply chain.

Mobile network operators have developed several initiatives in this regard, and some have made more progress than others. Overall, however, the companies have not fully capitalised on the opportunities they have to influence both consumers and suppliers on social and environmental issues. There is still a lot of room for improvement throughout the whole mobile phone supply chain: in the design of mobile phones, the manufacturing process, the marketing of phones and the recycling of unwanted handsets.

### Priorities for Mobile Network Operators

makeITfair has formulated the following priorities for mobile network operators:

- 1 Mobile network operators should develop new strategies that focus more on marketing their services instead of persuading consumers to buy a new phone every year. This could be achieved by:
  - Marketing SIM-only subscriptions more actively than the option of subscription renewal in combination with a new mobile phone.
  - Offering used phones for a reduced price as a regular service and arranging for a repair service for mobile phones.
- 2 Mobile network operators should work towards a joint campaign to raise awareness about the existence of recycling opportunities for mobile phones among consumers.
- 3 Mobile network operators should create incentives for customers to hand in old phones when buying or receiving a new mobile phone.
- 4 Mobile network operators should contribute to creating a supply chain in which phones are produced under decent working conditions and under good environmental standards by:
  - Making manufacturers commit to developing fair and green alternatives.
  - Working together with the manufacturers to monitor compliance with labour and environmental standards and to verify this through regular, credible audits by an independent third party.
  - Enabling compliance with these standards through fair purchasing practices.
  - Taking responsibility for its supply chain and providing phones that are environmentally sustainable and are produced under decent working conditions, if it has its own mobile phone brand (e.g. Vodafone or Deutsche Telekom).
  - Giving detailed and easily accessible information to consumers on the best available environmental and fair alternatives.

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## o *Priorities for Mobile Network Operators continued*

- 5 Mobile network operators should report on their mobile phone sales and their supplier base, so that stakeholders can independently assess the influence of the operators vis-à-vis suppliers and their performance. They can then use this information to influence and eventually improve conditions in the mobile phone supply chain.
- 6 Mobile network operators should make sure that the old mobile phones they collect are properly handled; this includes instances when mobile phones are repaired and exported for longer use. Companies should report on their collection targets and collection rates, as well as on their procedures after recycling, including their recycling vendors.
- 7 When operating in emerging and developing regions, mobile network operators should contribute to investments in proper recycling facilities and set up take back programmes for electronic items.

## Best practices

Vodafone Netherlands has recently taken several measures that correspond to some of the NGO priorities. The company has started a pilot scheme that aims to increase the mobile phone collection rate by providing customers with a return envelope for their old mobile phone at the point of sale. Furthermore, the company has announced an in-store eco-label for mobile phones that informs consumers about the environmental and social impact of the mobile phone during its life cycle.

Although this initiative for consumer education is certainly welcome, Vodafone has also announced that it does not intend to select its product portfolio based on the scores. This means that Vodafone has failed to take responsibility for improving supply chain conditions; instead, it is placing all the responsibility with the consumer.

Deutsche Telekom has set itself the target of becoming the international leader in terms of corporate responsibility by 2015. One of its programmes in reaching this objective is the sustainable product portfolio programme. The company is planning to develop specifications based on the Sustainable Guideline for Product Design, passed by the German Öko-Institut, to be used in procurement bidding procedures. In April 2012, the company also committed

to collecting 1 million used cell phones in the next one to two years. Whether this collection target is ambitious enough is hard to assess without knowing how many mobile phones the company actually sells every year.

Another initiative is taking place involving joint supplier auditing between Deutsche Telekom, Orange/France Telecom and Telecom Italia. The companies have a binding agreement that enables them to audit their shared suppliers globally on the basis of standardised criteria. The partners are also striving to establish social and environmental standards with their suppliers. The processes used for accomplishing this goal are based on the international social and environmental standards SA 8000 and ISO 14001.

Audits are conducted by internationally recognised auditing firms. However, NGOs believe that such audits should be done in a multi-stakeholder setting, involving local civil society organisations. This is because, time and again, it has been demonstrated that auditing firms are not capable of capturing the real problems that occur in the work place. It is also important for the companies to report on their audit findings, corrective action plans and progress made, so that stakeholders are able to assess the impact of the companies' actions.

### Links

- [www.somo.nl](http://www.somo.nl)
- [www.makeITfair.org](http://www.makeITfair.org)
- [www.goodelectronics.org](http://www.goodelectronics.org)

### Relevant Publication

- Fair Phones: It's Your Call, September 2009



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