



## NO FAIR PHONES YET

Update report from makeITfair on corporate responsibility among mobile network operators in Germany

Germanwatch, August 2012

### SUMMARY

According to the International Telecommunication Union (ITU), there were almost six billion registered mobile phone connections around the world in 2011. On average, 87 percent of the world's population have access to a registered mobile phone subscription.<sup>1</sup> Since mobile network operators frequently offer mobile phone handsets to their customers as part of their contracts, they have a responsibility for social and ecological conditions in the IT industry.

In October 2009, Germanwatch and its partners in the European makeITfair project published a comparative study looking at the responsibilities of German and European mobile network operators. The investigation showed that there was a huge need for improvement along the entire production chain in order to produce mobile phones that were fair and environmentally friendly in terms of design, production, marketing and recycling. The study, which was accompanied by a postcard action in January 2010, encouraged mobile network operators to become more active in these areas.

In a follow-up study, Germanwatch looked again at the four biggest mobile network operators in Germany – Deutsche Telekom, E-Plus, Telefónica Germany und Vodafone – in terms of their engagement with human rights and sustainability in the mobile network sector.

The study showed that mobile network operators were taking increasing responsibility for social and ecological problems in the mobile network sector and were taking measures to improve the situation. However, there is still a long way to go before achieving a sustainable sector with fair and sustainable mobile phones.

### SUPPLY CHAIN RESPONSIBILITY

Companies were more active along their supply chains. All of the companies increased the number of audits among their suppliers. The Joint Audit Cooperation – a voluntary initiative of European mobile network operators – is already organising joint audits of suppliers. However, as long as these audits only include the first step along the supply chain, many of the problems do not even appear on the sector's radar. Audits alone are also not enough – in order to improve the situation more effectively, workers' rights need to be strengthened, above all taking into account the freedom to join a union and the right to collective bargaining. An important factor for mobile network operators, as well as for companies that produce mobile phones, is their purchasing practices, which can determine or undermine the fair conditions along the supply chain.

### SALES STRATEGIES

All the companies began initiatives to assess the mobile phones they offered in terms of social and ecological criteria. Since 2011, for example, customers of Telefónica Germany can use an Eco Index as a guide when they buy a mobile phone. E-plus has also produced a ranking of mobile phones in cooperation with the Nature and Biodiversity Conservation Union (NABU). The approaches of Vodafone and Deutsche Telekom are in the implementation phase. However, these initiatives – which aim to answer users' questions in terms of fairness and sustainability – can lead to confusion: the rankings are created

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<sup>1</sup> ITU (2012): [http://www.itu.int/ITU-D/ict/statistics/material/excel/2011/Mobile\\_cellular\\_01-11\\_2.xls](http://www.itu.int/ITU-D/ict/statistics/material/excel/2011/Mobile_cellular_01-11_2.xls)



differently and offer different assessments of mobile phones. The main problem with the rankings is that the assessments are heavily dependent on information provided by the mobile phone producers themselves and therefore are not independent. A plan to assess mobile phone handsets jointly at an international level should address some of these problems.

In order to make the mobile network sector more sustainable, the whole business model needs to take more account of sustainability criteria. One approach is the so-called SIM only tariff – which offers mobile network contracts without a mobile phone handset. These contracts can motivate customers to use their handsets for longer. However, network operators are not advertising these tariffs widely enough. Furthermore, they have not developed other potential sustainable business models any further.

### **ENERGY USE AND CLIMATE PROTECTION**

Mobile network operators consume a lot of energy through their business. Already at the time of the first survey, all the mobile network operators recognised the energy efficiency of their networks as a challenge and had become active in this area. In addition, all the operators have set goals to reduce their CO<sub>2</sub> emissions or their use of energy. However, these are difficult to compare with one another because of the different company sizes. There is still a long way to go in terms of using electricity produced through renewable sources: as we also saw in our first survey, no mobile network operator uses electricity that's either completely or almost exclusively from renewable sources.

### **RECYCLING AND REUSE**

There has also been little progress made in terms of collecting in old mobile phone handsets. The quotas have stagnated at a very low level. Deutsche Telekom is leading the way in this regard and has collected over one million handsets in the past two years – with a high cost in terms of publicity. Deutsche Telekom recycled most of the handsets it had collected directly rather than preparing them for reuse. Here too there is an operational requirement: as well as encouraging customers to bring back old mobile handsets, mobile network operators must also develop the idea of using mobile phones for longer. In addition, mobile network operators also need to take responsibility for recycling reused handsets properly in developing countries.

### **LOW USER INTEREST**

In general, mobile network operators complain of low customer interest in social and ecological mobile telephones. While sustainability in the food and clothes sector is regarded as important for many people, mobile phone users are more interested in functionality. As long as customers are not demanding 'green' and 'fair' mobile phones, mobile network operators only see a limited field for voluntary engagement.

Therefore, policies are needed to address the areas discussed above with intelligent legal frameworks that set in motion the motivation and the path towards a sustainable and fair mobile network industry.

The report is available in German only at: <http://germanwatch.org/de/4956> or at [www.makeitfair.org](http://www.makeitfair.org)