

Orange - France Telecom

E-Waste Management Forum: *Green Business Opportunities*

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1 Orange-France Telecom Group in brief



Orange –France Telecom Group facts and figures

€44.8bn

in revenues in 2009

more than **182**
million customers worldwide



operating in

220

countries and territories

181,000

employees around the world

2009 results

Orange –France Telecom Group main activities

business

- one of the world leaders with Orange Business Services
- 6 million business customers around the world
- 3,700 multinationals
- 323,000 IP VPN access points



mobile

- # 3 in Europe
- 123 million customers
- 26.1 million customers for mobile broadband with access to the Orange world portal

fixed and internet

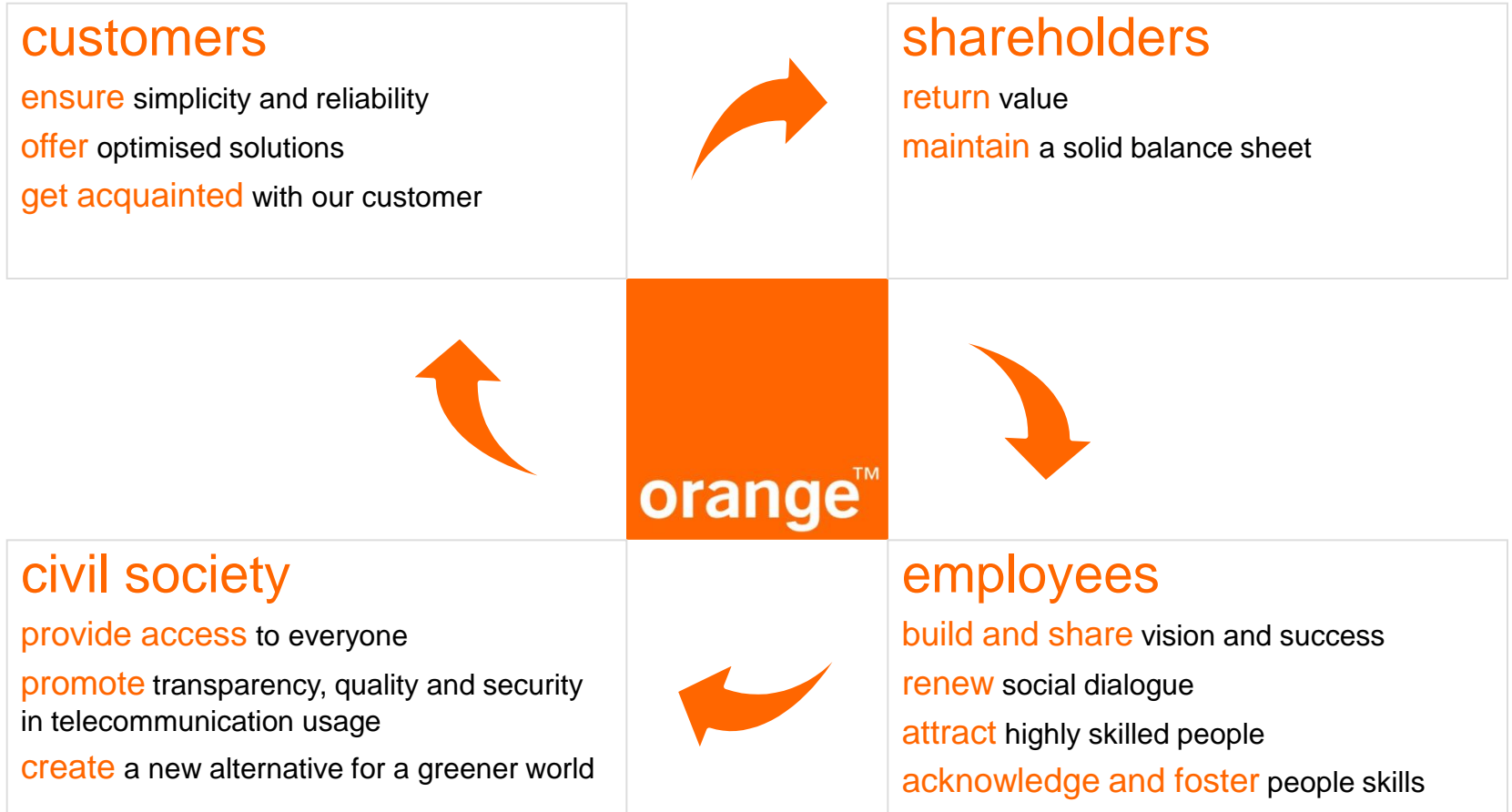
- # 1 in Europe for TV on ADSL
- # 3 in Europe for broadband (ADSL) with 13.1 million customers
- 8.8 million Liveboxes, our gateway to broadband services

and new markets...

- content: 3.2 million subscribers to pay TV
- e-health with solutions for professionals and consumers
- audience: 64 million unique visitors per month on our portals

CSR at the heart of Orange strategy

create value for all stakeholders



2 Orange e-waste best practices in AME



Orange best practices in AME

- launch an internal assessment of Orange "e-waste" share in developing countries
- understand ICT EEE trends
- launch projects in the field (Burkina Faso, Egypt, Mauritius)



Orange AME e-waste share is less than 1%*

- In 2009, Orange is present in **21 countries in Africa, Middle East and Asia** (AMEA)
- With **50 millions customers** of which 47,4 millions are mobile customers
- Orange is leader in some countries like Egypt, Senegal...against MTN, Zain (Bharti), Vodafone...
- Orange sells **mobile phones, fixed phones, liveboxes** in all or some of the 21 AMEA countries and for the B2B market mainly **switches and routers** (ICT equipments)

*In Africa & Middle East > 50m customers > ~12,3 m new mobile subscribers in 09 > ~ 24 % sold with a device
In Egypt > 27m mobile customers > ~9m new mobile subscribers in 09 > ~ 7% sold with a device*

**Orange direct share of equipment put on the market is weak
(Egypt example : 7% out of a 45,8% mobile market share)**

**Consequently, Orange e-waste share is weak (inf. 1%),
furthermore considering the weight of a mobile versus a
desktop or a fridge...**

* Internal study based on different sources like StEP, EMPA, SWICO, ADEME in 2009

Beyond network operators, ICT booms in AME

ICT penetration rates are still growing in Africa & Middle East

→ 2% in 2004 to **59% in 2011 for mobiles penetration in Africa** [Strategy Analytics, 2010]

Shipments of ICT equipments are growing [IDC, 2009]:

→ +7% computers 08-09, +90% growth 09-12

Mobile handsets sales forecasts are rising as well with **49% growth in AME from 2009 to 2014, 84% for India, 60% for Ivory Coast...**

best practices : Orange France in Burkina Faso



- Project launched in March 2010
- 1 center built by **Emmaüs international**
- with **Orange funding** from « dead mobiles » disposal
- **3 collectors** with motorcycles
- daily collection **from repairers'shops**
- exchange **1 charger** (~1,2€) for 1kg e-waste
- sorting/repair/ recycling
- actuals : 1,5 tons/ month



➔ **Target: open 2 countries per year**



End of life mobile handset battery collection

- collection and shipping of used handset mobile batteries; through a nationwide advertisement campaign and take back process
 - made under **UN Basel convention guidelines** and with the collaboration of **Egyptian ministry of environmental affairs**
 - first phase concluded in August 2007
- collected waste batteries: **25,000 units, weighing average of 1.5 metric tons**

IT equipment recycling and re-use

refurbish Mobinil's waste IT equipment [PC, servers, screens, laptops] and donating them to charities.

→ **Refurbished and donated: 2008: 30 PC; 2009: 40 PC equipment**



E-waste learning center in Cairo

- establish learning center for garbage collectors in Cairo to **provide them e-waste sorting techniques**, focused on girls and women
- initiative in collaboration with CID consulting & Spirit of Youth a leading NGO in garbage
- collection, sorting and recycling e-waste (PC & laptop) give an expertise & a revenue (50% of sales)
- Begun in May 2009, still ongoing
- But donation flow is insufficient...

Orange position and learnings from the field

Orange wishes to adapt nationally all environmental sustainable actions to fit local legal & social specificities.

Orange won't apply a WEEE European Directive like objectives to emerging markets. Orange doesn't want to take profit from the absence of dedicated WEEE regulations.

LEARNINGS

→ to be discussed and confirmed by actors, local studies...

- **Collection** of e-waste -and ICT waste in particular- is the major issue (stock for repair, privacy data...)
- Collection without **awareness** is vain
- Collection without **incentives** is vain
- No actual issue on “life time extension” thanks to informal recycling & repair “old model”
- Supporting **local technical capabilities** without volume insurance is dangerous (ex: Veolia in Alexandria)

3 Barriers to expand best practices in AME



Focus on ICT waste projects barriers

ICT equipments represented 16% of e-waste weight collected in France in 08, 22% of nb of EEE put on the market and 13% of the tonnage of EEE put on the market. **In Africa these % may be even lower.**

Then, are ICT e-waste a priority vs fridges, TV sets?

Main barriers in e-waste collection and/or re-use in AME

Customers barriers

- Not enough informed on re-use and recycling possibilities
- Not perceived as an environmental priority
- Existing repair and re-use model
- Waste is money ! No collection without incentives
- Want to keep it: in case the new one fails, it's a personal device, it contains personal data
- Easy to store
- Want branded and new phone with the latest technology and new functionalities

Internal barriers

- Limited proven business case and best practices of take-back schemes. Buyback scheme has a negative cash flow.
- Conflicts of marketing & sales vs. CSR objectives; Sales personnel incentives
- Not enough data on ICT EEE other than mobile and computers (volume, weight, life time, Bills Of Materials...)

Market barriers

- lack of knowledge on logistics and data warehousing costs as well as costs for proper transport back to Europe for sound recycling
- Huge informal 2nd hand market
- Ultra-low cost hand sets putting pressure on 2nd life market
- Fragmentation of the value chain. Various actors with diverging interests
- Low value of potential collected ICT waste ?

- (1) Change of Customer Culture
- (2) Information campaign

- (1) A paradigm shift in our marketing offer
- (2) High level country commitments

- (1) Collaborative efforts across the Industry

Open questions to you...

- **A visit in Egypt showed that no e-waste is present in garbage, no downstream actor on it neither: where are the e-wastes?**
- Who is the biggest polluter – in terms of EEE type & content (toxicity)?
- Is **local collection** the only source for future recycling capabilities in emerging markets (bans of 2nd hand and EU “retention” policies)?
- What types of e-waste could be gathered in collection & recycling processes for optimization?
- **What is the priority in e-waste recycling: what type (criteria: toxicity, precious metals, re-usable...)?**
- **Do sustainable models based on local collection exist?**

4 Best practices in Europe



Complying with existing regulation

WEEE : satisfactory application of producer extended responsibility

**WEEE
applicable in UE
from 2003**

Waste of Electrical and Electronical Equipement directive,

- to prevent generation of electrical and electronic waste
- to promote re-use, recycling and reduce quantity of waste discarded

**Orange
obligation**

- Orange is mainly involved as distributor (mobile handsets, internet boxes, ...)
- Obligation to collect and recycle devices brought back to POS

**Orange
Action plan**

- Internal Audit in 2009 of 4 main Orange countries shows high level of compliancy
 - ✓ Collection and appropriate recycling channels deployed with partners
 - ✓ Orange informs properly its customers about WEEE
 - ✓ Collection points for old devices in all Orange outlets
 - ✓ Internal WEEE from employees (handsets, laptops) collected and treated
- Process extended in 2010 to other European countries
- Ambition to apply best practices beyond our European footprint
- Measures in place to increase rate of return of old mobile devices hold by customers

Complying with existing regulation

RoHS and REACH: protect health and Environment

RoHS applicable in UE from 2006

- Restriction of Hazardous substances (RoHS), European Directive
- reduce the use of 6 hazardous substances dangerous for human health and environment, especially in electrical and electronical equipments

Orange obligation

- The responsibility is mainly hold by producer (ban or use under a threshold these substances in their equipments)
- Orange has to ensure that all its suppliers fully comply with RoHS obligations

Orange Action plan

- RoHS compliancy is part of our Internal guidelines for all contracts with equipment suppliers
- **Ambition to extend our compliance with RoHS in 2016 to 100% of our footprint**

Complying with existing regulation

REACH : a duty of information

REACH

- stands for Registration, Evaluation, Authorization and Restriction of Chemicals
- as of today, **38 substances** have been identified as of very high concern – among which 4 potentially used in telcos products
- Orange indirectly impacted, as distributor of devices containing hazardous substance (ex : mobile handsets, IT equipment, cables ...)

Orange obligation

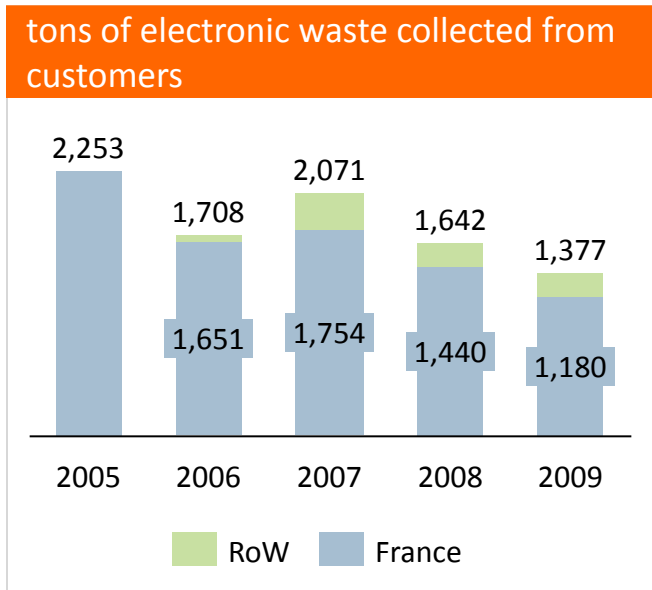
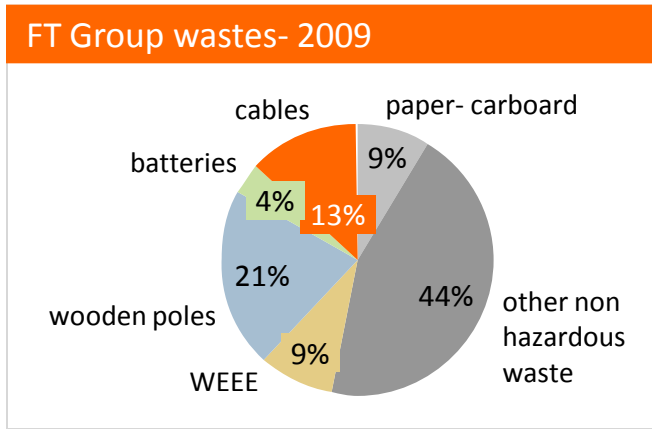
- For our Business customers, systematic information and advise for safe use
- For mass market, information to be given upon request within 45 days

Orange Action plan

- Corporate Sourcing processes provide that information about hazardous substances is included devices sold to customers
- Anticipate the evolutions of this complex regulation

Designing new alternatives for a greener world

increase collection of old unused customer equipment



insight

- 43,751 tons of internal waste treated in 2009 (+16% vs 2008)
 - positive impact of internal green gesture campaign to reduce waste, mainly paper and cardboard
 - increase of non hazardous waste collection due to new treatment channels put in place.
 - electronic waste collected from customers**
 - variation in weight reflects change in the mix of equipment collected
 - recycling processes are successfully in place in main countries
 - incentive to keep devices longer
 - on going action plans to collect and recycle mobile phones
 - "give your mobile a second life" programme
 - incentive to make customers bring back their handsets (buy back, Orange care ...)
 - financial incentive to keep mobile handsets longer
- Global initiatives to increase drastically collection rate in the 5 coming years**



ambition

- collect group-wide +50% mobile devices in 2010 vs 2009

Next steps

- Initiatives with European countries to increase drastically mobile phones collection for recycling or re-use
- Extend best practices coming from European regulations to other countries
- Initiatives taken to collect and refurbish network equipments (IP Router, PABX, Livebox) to extend EEE lifetime and provide 2nd hand equipments at an affordable price to consumers and small companies

Orange would like to collect 50% of the mobiles put on the market until 2015

Orange is ready to work on all kind of innovative business models with NGOs, public and private actors to achieve this target and go beyond it!



thank you

Together weee can do more*