FINANCING THE NEXT INDUSTRIAL REVOLUTION

GLOBAL INVESTMENTS FOR CLIMATE AND ENERGY SECURITY

Berlin, March 26 – 27, 2007

Hauptstadtrepräsentanz der Deutschen Telekom,

Workshop on Credibility & Coherence

Ladies and Gentlemen,

Distinguished participants,

First of all on behalf of the Global e-Sustainable Initiative I would like to thank the European Climate Forum for inviting me and GeSI to address this Conference.

GeSI is a unique global initiative which brings together 20 major Telecom companies and suppliers with the objective of creating an open and global forum to the benefit of economic, social and sustainable environment. All together we have around 2 billion customers worldwide. This represents a huge responsibility and asks us to continue to foster a culture of innovation for ICT solutions contributing to sustainable development.

Proposed topic for this Workshop is: "Credibility and coherence".

That's a quite difficult one to address and I do hope that in yesterday's discussions you could come already to good conclusions.

But, today I would like to drive you through what do "Credibility and coherence" mean for the ICT sector in the context of this conference.

For the ICT sector, the main climate change impacts are the increasing use of fossil fuel derived electricity to manufacture and run ICT equipment and services. According to the World Summit for an Information Society, electricity demand by the ICT sector for industrialised countries is between 5% and 10%

of total electricity demand and contributes 1%-3% of worldwide carbon dioxide emissions.

However, this fraction of total electricity consumed by ICT is steadily increasing, despite tremendous efficiency improvements on the level of electronic components. The electricity demand of new services and the more intensive use and the diffusion of existing services are currently exceeding the energy conserved by efficiency improvements.

GeSI believes that increasing atmospheric concentrations of greenhouse gases from human sources is a serious threat to the global environment and economy.

GeSI therefore agrees with the majority of climate scientists and the Intergovernmental Panel on Climate Change that human activities are altering the global climate, and that deep cuts to our current emissions of greenhouse gases are necessary to limit – and eventually reduce - the global heating of the atmosphere.

GeSI is of the view that the ICT sector must address the impacts associated with the production and use of ICT equipment. Through the provision of ICT products and services the ICT sector can help to significantly reduce emissions of greenhouse gases from human activities.

The newest developments in the climate protection discussion are the creation of business initiatives by progressive corporate business aiming at showing decision makers that at least parts of the business community see also opportunities for new business in a society that is able to live in a equilibrium with the climate.

One should recognise however that the telecommunications market has not yet responded to the global warming challenge. We expect the Telecommunications to react similar to the financial market. Institutional Investors wait also such a development. This represents a business

opportunity which we have to use. It is now expected, especially from investors, that telecommunications will be asked to provide adequate solutions to tackle the global warming challenge. The current discussion in the different Media is already showing the beginning of the above mentioned development.

Deutsche Telekom, for instance, is promoting this at different political levels and by participating in appropriate initiatives.

Like in Deutsche Telekom we are of the view in GeSI that Telecommunications is part of the solution to tackle global warming. Therefore, we will increase our efforts for making concrete contributions for climate protection and we will engage with our customers to increasingly use our services. This dual strategy will lead to new opportunities for business and for climate protection.

The above said represents of course a major challenge to the credibility of our industry. We are of the view that if we want to be credible we do need:

1. to show the commitment of the ICT industry to tackle global warming;
2. that ICT's own house is perceived to be in order by showing concrete examples of ICT improving sustainability and by identifying the barriers which stop ICT applications and solutions which already exist to take up in order to fix problem.

Regarding the above on could identify 4 areas which need to be tackled and where ICT can give and is already giving a major contribution:

1) Footprint of ICT sector – we are thinking about voluntary agreements in this area with GeSI cutting carbon emissions of companies. But here there are already some good examples which show the credibility and coherence of the ICT industry.

In this regard I would like to refer to the joint initiative of ETNO and WWF on "saving the climate at the speed of the light".

Both organisations agreed that ICTs can play a role in reducing CO2 emissions and committed to concrete targets - Results of case-studies and pilot projects carried out by ETNO member companies show, for example, that if business travel in a country like Germany was decreased by 20% (through the use of video conferencing for example), CO2 emissions could be reduced by 5.2 million tonnes. If 100 million people would opt for flexi-work schemes, they would save 2.87 million tonnes CO2 emissions. Similarly, if 100 million tax declarations would be filed through the web, it would contribute to reducing 101,400 tonnes of CO2 emissions. These are among some examples of areas where reductions in CO2 emissions could begin immediately.

In Deutsche Telekom we presented different alternatives for reducing costs and CO2 emissions by using telecommunications applications like video conferencing, teleworking and Internet applications.
DT target is to cut its carbon footprint in 50% by 2010.
It should also be referred that Deutsche Telekom supports the target that temperature should not increase in over 2° C when compared to pre-industrial time for avoiding serious consequences of global warming.

Another recent example is BT which announced that they will cut their carbon emissions 80% by 2016

2) More energy efficient power generation.
ICT can help to deliver more efficient electricity grid. This includes ability to better monitoring energy networks, micro-generate power and produce a surplus of electricity to put back on market.
For instance DT has several pilot projects with decentralised power generation with the aim to learn the use of these new energy sources.

3) Buildings & homes.
The issue here is how to make them more energy efficient through the use of ICT. What are the barriers to this happening? Have ICT industries forged links

with architects/construction industry? What policy measures need to be put in place both at European and National level to support this?

This is one area where there is still very much to be done and where appropriate policies need to support the industry

4) Virtualisation of business e.g. e-banking, e-health.
How can this create a more sustainable World.

As one can see, GeSI members are committed to reducing greenhouse gas emissions by:

- leading and supporting different initiatives aiming at promoting climate protection
- considering themselves responsible of their direct and indirect emissions
- offering its customers services for reducing CO_2-emissions
- promoting developments of environmentally-friendly technologies
- adopting voluntary measures to reduce greenhouse gases
- using of renewable sources in place of fossil fuels for electricity generation

In conclusion:
A sustainable corporation is a profitable one, but profit should, and can, go hand in hand with environmental protection, social development and economic growth. The message we want to convey is that every industry sector, as well as every citizen of the world, has the opportunity and the responsibility to contribute to making the future more sustainable. Whilst a better future is our shared goal, we aren't so naïve to believe that the ICT industry will save the world. ICT is not a magic bullet – it's a tool. But used in the right way we do believe that ICT can function as an important enabler of sustainable development. However, if we are to be credible and coherent in delivering this message then we must prove our point. We must 'walk our talk'. ICT companies should be the first to apply the services they market to

achieve sustainability improvements. This requires a change of attitude that can only be driven by proper awareness-raising efforts. GeSI therefore encourages first its members, and then companies and governments across the globe, to apply ICT based solutions to reach their goals.

Ladies and gentlemen,

We do believe in GeSI that the ICT industry is part of the solution to sustainable development. We therefore invite all active interested parties in the ICT business that share GeSI's views to join our efforts.

Luis Neves,
GeSI Chairman