

Podcast Transcript - Closing the Loop on E-waste Management

[00:00:08] **Jan:** Hello everyone and welcome back to the Counterpoint's Podcast. I'm your host, Jan Stryjak, Associate Director at Counterpoint Research, and today we are going to talk about smartphone sustainability. We are already seeing that an increasing number of smartphone OEMs are approaching sustainability by Removing plastic from packaging, using more recycled materials, and making the devices more repairable.

But what happens to the devices once they reach the end of their useful life? So this is the topic we will be discussing today and since March the 18th is, or was depending on when you were listening to this Global Recycling Day, the timing is perfect. But as one of my guests said to me a few weeks ago, every day should be recycling day.

So this is a very important discussion to have. So I'm delighted to have two experts joining me today. We have Andrea Scholz, Senior Sustainability Manager in the consumer business unit at Vodafone Germany. Hi Andrea. How are you today?

[00:01:04] **Andrea:** I'm good, thank you. Thanks for having me. Looking forward to the discussion.

[00:01:10] **Jan:** Great. And we also have Joost de Kluijver, founder and director of Closing the Loop. Hi Josst, how are you?

[00:01:16] **Joost:** Hi there, and thanks for having us on the call.

[00:01:20] **Jan:** Very good. Great. So let's crack on. So let me start with you Andrea. Why do you think there is increasing demand for the smartphone industry to become more sustainable?

[00:01:30] **Andrea:** Well, this demand is driven from very many different perspectives. Customers are demanding it more and more. Regulation, of course, is driving it, which is good. Investors are asking for it, but also disrupted supply chains, increasing energy prices are really making it a business necessity. And also of course it's an entry group, part of most company strategies today for example, to meet the science-based target commitments.

[00:01:54] **Jan:** Yep. Very good. And Joost, any comments from you?

[00:01:56] **Joost:** I think these are indeed a few of the biggest ones. And you know, from a customer perspective, it's also a lot of fun, right? To apply positive thinking to the devices that you use on a daily basis. So, logical, fun but increasingly it also becomes easy. And that's of course thanks for the help of some of the tech brands nowadays.

[00:02:17] **Jan:** Great yeah, thanks. So staying with you, please tell us how Closing the Loop is approaching smartphone circularity.

[00:02:23] **Joost:** Yeah, thanks for that. So, Closing the Loop is a social enterprise, which means that we are for profit, but we aim on for more than just profit. And indeed the topic that we chose to focus on already now for 10 years is circularity.

And within the tech industry, that's, that's a challenge, right? We're also Dutch at least the company was created in the Netherlands, or now a bit of a global group. But we still have that approach of pragmatism. Circularity so often is stuck in the future where everyone talks about things that might be needed at some point and then things should be done.

All good. But for a company our size but also with our experience working on the ground in emerging markets, we saw that things need to be done today. And I think the biggest thing that you can do today is make it attractive to work on circularity, of course. Also making it easy making it possible to do anything.

So I think really the mix of creating a bit of a customer engagement making it appealing for an individual customer with of course tackling those you know, enormous challenges that we have as an industry such as the rise of e-waste that led to what we do today. A service called Waste Compensation.

[00:03:30] **Jan:** Thanks so before we continue Joost, can you please give us a quick outline of what Waste Compensation is?

[00:03:36] **Joost:** Yeah, thanks. Waste Compensation really builds on the concept of let's make circularity pragmatic, a little bit simple. It offers a starting point. So the surface pretty much says that when you sell a device, for example you can make that device waste neutral by compensating it.

And in this case, compensating means that for one device that you're adding to the market, you're also collecting one end of life device, which is then of course, properly recycled as well. And then net waste reduction is used to compensate a new device, so also sometimes referred to as one-for-one. You sell a new phone, you collect a scrap phone, an end-of-life device, and the latter compensates a new device and makes it waste neutral.

[00:04:21] **Jan:** Great. Thank you. So moving back to you and Andrea, Vodafone, Germany has partnered with Closing the Loop for its one-for-one program. Can you tell us a bit more about the initiative?

[00:04:32] **Andrea:** Yes, sure. So one-for-one is one pillar of our circular mobile initiative here at Vodafone Germany. So this is our program to really making the smartphone industry more circular.

And today we still see a large gap between the amount of new phones that are sold into the market and the amount being returned. As we know, returning old phones to give them a second life or to recover the materials for new products is a key enabler of a circular economy transition. And this is where our one-for-one comes into place.

Vodafone Germany take the responsibility to return one for each new phone that we sell to our private customers, and bring this scrap phone into proper recycling. So there are no strings attached. It's our promise to our customers. They don't need to do anything about it. And yeah, Closing the Loop is our partner in fulfilling this promise.

So with the E-waste Compensation Service they enable us to really take large scale action towards a circular economy. And yeah, for us as Vodafone has, several benefits. So it's a relevant customer benefit in our mobile portfolio, but we're also driving the industry towards a more circular mindset. And last but definitely not least, this can massively scale the impact in addition to our own return services that, of course, we are working on as well.

And so we bring our impact to a global level. We recover large amounts of metals. And yes, this also brings social and environmental benefits to African communities.

[00:05:54] **Jan:** Brilliant. Thank you. And staying with you and Andrea, why do you think it is important for operators to get more involved in smartphone circularity initiatives?

[00:06:04] **Andrea:** Well, I think every actor in the smartphone industry plays a critical role in, in the circular transition and has a very different sphere to influence in this role. So, for example, manufacturers of course need to do their part in circular design to allow for easy repair refurbishment, also component remanufacturing or in using recycled materials.

And where as an operator, We are a large seller of smartphones, so we must therefore do our part in the reverse supply chain. So not only sell smartphones, but also returning the phones. And of course, on top of that, we also play a critical role in giving customers the relevant transparency about smartphone sustainability and in taking them along on this journey of more sustainable smartphone handling, like using a phone longer.

But I think overall it's really important for all actors to closely collaborate. So it should not be a competition by the transition that we do together, that we work on together, that we create

We must be willing to experiment, innovative, learn via doing, and really collectively learn how to build a more circular system.

[00:07:08] **Jan:** Yeah. So on, on that note so Joost, why was it important for Closing the Loop to partner with an operator and specifically Vodafone, Germany?

[00:07:17] **Joost:** Well, I'd say, you know, an operator was on our Wishlist when we started 10 years ago. These are the industry shapers. But I think if you look at, you know, why is sustainability or circular embraced, then you might find two main drivers. On one hand you have legislation or taking responsibility which tend to be sometimes a. Negative in, in their approach or customers might consider it as a negative driver.

There's also the element I think which operators are really, really good at, which is create great products and services. You know, make things easy for an average customer, make it about them. And that's, you know, a company like Vodafone can. Like no other turning again, that topic that's often so abstract, so difficult to even understand.

Turning that into something that's relevant for an individual, turning it into a service making it available on a large scale, but also personally today you can't have a better partner than that. So I think it's really great to see the, the strength of being a little bit arrogant here, but the innovation that I think we create we of course do something that.

No other is doing in the market, large scale collections of electronic waste in emerging markets. But if we would just do that, then, you know, we might get some applause here and there. We don't get anywhere. We need the industry. And I think the best way to work with the industry is to use what they're really good at, and that's serving customers and creating great propositions.

[00:08:44] **Jan:** Yeah, that's brilliant to hear all the, the great stuff you are doing. So going back to Andrea then, so what else is Vodafone, Vodafone Germany doing to make the smartphone industry more sustainable?

[00:08:55] **Andrea:** Yes. Thanks for the question. That's of course important too, we have a second pillar or another pillar, our circle of mobile initiative.

Next one for one. And this is how we can actively drive customer action. And here we offer a range of services to allow our customers for more sustainable smartphone handling. We developed a circle, which we call choose use return. Leading the customers through their lifecycle. So when choosing a new phone, our customers, for example, can use the equal rating to be better informed about the environmental impact of the phone they buy.

Or they can activate an ease them instead of a physicalism when using their phone. We support our customers in using it longer with our sustainable protection accessories on the one hand, but of course also with our repair services. And then when the phone is not needed anymore, our customer can return it to us.

Our retrade service, that's the service we offer when the phone still has a remaining value and if there's no remaining value left on the phone, they can recycle it with us. And yes, they bring it to us via our Vodafone channels, and we then take care of the proper recycling of their phone. And yes, that's a status quo of the services.

We're, of course, always looking into new opportunities, for example, around the developments in the second life market. But this is what we currently offer.

[00:10:09] **Jan:** That's great. That's really, really good to hear. So going back to Joost again what do you think are the barriers to the wider adoption of the circular economy?

[00:10:19] **Joost:** Oh, that's quite a few actually. I mean, there's a reason why we're still in a situation where we are today. Even though we've been talking about probably the concept of, you know, the basics of circularity. We use recycling for thousands of years or probably, right? I mean this, this is not something that we invented in the last few years that circularity makes sense.

But very often when we look at how circularity is offered to customers, and especially in the tech industry or even when it's, how it's being discussed, it's very big it's, it's very difficult to grasp. And so there's not, I think a lack of, of visions or ambitions or maybe even goals that we want to achieve.

There's a lack of starting points. What can you do today, especially if you're not an activist yourself as a customer but you just want to use great products and services without, you know, feeling the pain of, yes, I need to indeed save the planet, because I think the reality is, That 95%, maybe even 99% of customers are not activists in the sustainability domain.

And so offering them, you know, that utopian perfect circular concept doesn't, doesn't make sense. They will not move if they need to be in pain to become more circular. So the barriers are to a large extent cost also by the industry and maybe also by some of, you know, the bigger brands. They make it sound like it's extremely difficult to get on board towards circularity.

And so a lot of customers wouldn't want to do that. And of course they are. Right. It is the whole industry needs to change the way they consume, produce, manufacture use materials in our products. Everything needs to change. Our whole economic system needs to change, but you can't offer debt to your customers as a stocking point.

So I think that the barrier isn't so much that it's impossible. But we need to break it down into bits that an average customer would say, yeah, that

sounds nice. Give it to me. And if they take a first step, you can imagine it's a lot easier to get them on board for the journey for bigger impact.

So we, of course, you wouldn't stop at those first small steps, but they are crucial to get them excited and interested even.

[00:12:28] **Jan:** Okay. So it sounds like there's still quite a lot of work that needs to be, need to be done to boost circularity. So one last question to both of you then. What more should the industry specifically vendors, operators, and distributors be doing to support circularity? Maybe Andrea, you can go first and then we can come back to you Joost.

[00:12:50] **Andrea:** Sure. Well, in my opinion we as an industry, we need two main angles to look at. The first one is also, you know, this short term action. What's scalable today? What can we do today? I mean, I mentioned the services we as Vodafone offer currently, so how can we bring customer awareness to those services?

How can we make them attractive? How can we scale the return? Of the phones from our customers to really give them a second life or recover materials. But also, of course, how can we use services like EYs compensation something that's large scale actionable today and make this even bigger or standard in the industry.

So what can we do today, but the second angle, and that's. Of course very important to us. Like what do we need in the mid-to-long term and what, how do we need to get ready for that? So how do we channel our activities as an industry in a common direction, and how do we take our customers along? So we see very relevant trends emerging, like the use of phones as one example, which is, as we know, one of the key triggers to enabling a more sustainable smartphone industry.

And of course, we strongly support the regulation, like the right to repair, but. What else does it need to trigger? The longer phone use? How can we as an industry support this and which incentives would help our customers, but also, which future business models do we need to really tap into this and create value as an industry?

So these are some examples, in my opinion, of discussions that we need to have and not just discuss, but then also translate into specific action.

[00:14:18] **Jan:** Okay. Joost, anything, anything to add?

[00:14:21] **Joost:** Well, I can just mostly echo that. And maybe in, in a little bit more details on the collaboration element, because clearly that's something that's crucial for circularity.

I think it's the, that's the essence of circularity. You cannot become circular by yourself. You can only I think, expect innovation if you also have collaborations that you didn't have you know, in the past. So teaming up with, let's say the unexpected allies as Vodafone, of course has done.

Is a great way to learn from any new type of organization or maybe even a completely different part of the, the industry. I think that's what we're seeing now. More often organizations that are young start-ups, social enterprises, but luckily also researchers and individuals that have in-depth knowledge on circularity or maybe some of the issues that we see current in the industry with the commercial entities, not just for compliance, but also indeed to create solutions, you know things that actually work.

And the second thing is an example of that we need to bring in some people that not do not have purely a compliance or sustainability background in the topic of sustainability or circularity because if you have the insights which can, you know, be sad about it or not, but which is still the core of our industry, which is customer satisfaction, commercial success, competitiveness.

If you bring those skills, Add them to the current discussion that we are having within the sustainability circularity domain. It will only get richer. We can learn from both sides, right? Very often there's almost a bit of a Chinese world between sustainability people and commercial people, whereas if sustainability sees that commercial actually, actually can help them skill what they're doing and make it more relevant.

You can imagine other way around is also the case. If commercial people see how sustainability can actually benefit them with the goals that they currently have we can create much more value on the short term.

[00:16:09] **Jan:** Excellent. Well thank you! Well, on that note we need to wrap up. So thank you Andrea and Joost for joining the podcast. Great to have you both on the show.

[00:16:17] **Andrea:** Thanks for having us!

[00:16:09] **Joost:** Thanks Jan!

[00:16:18] **Jan:** And for our listeners thank you for tuning in. Our podcasts are available on major podcasting platforms such as Spotify, Apple Podcasts, Google Podcasts, TuneIn and more. We can listen to all our previous episodes and please check out all the sustainability and circularity research from Counterpoint Research.

So that's all for me for now. See you next time. Bye-bye.