



ARE IT AND SUSTAINABILITY IN THE SAME TEAM?

Roundtable Report CIONET and LCL.



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KEY QUESTIONS

Thursday 28 April 2022: CIONET, in collaboration with LCL, organises a unique event under the title "Manifesto for sustainable data centres". With nearly 1,000 members, CIONET Belgium leads the community of CIOs and Top Digital Leaders in Belgium. LCL is the Belgian specialist provider of data centre facilities with a high sustainability value. With this roundtable, both organisations are joining forces to organise a brainstorming session between sustainability managers on the one hand and CIOs on the other, on the role IT - the IT team, the systems, and digital transformation - (already) plays in the sustainability programmes of companies.

The question of the actual role of IT in sustainability programs is driven by a three-stage rocket:

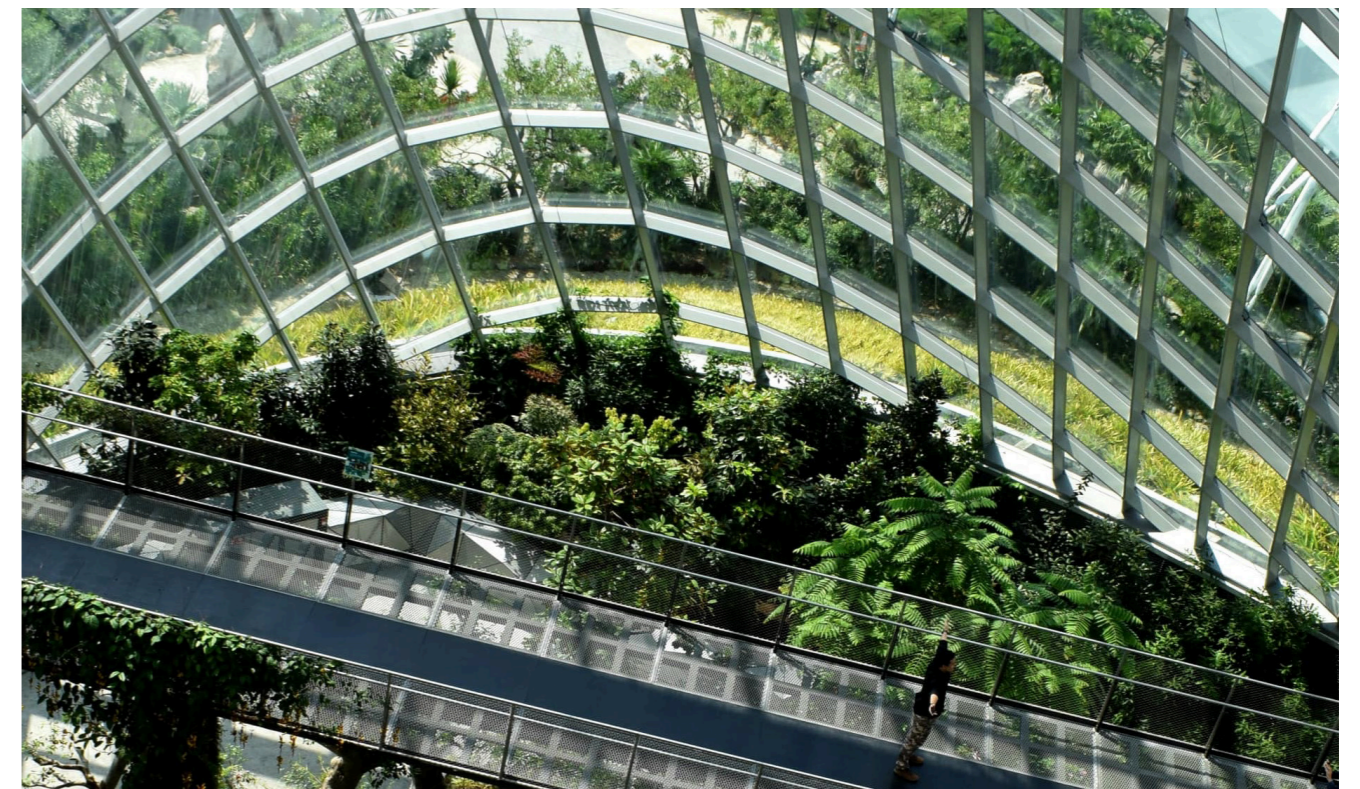
1. Sustainability is increasingly explicit on the board's agenda. Non-financial reporting is becoming more and more of a requirement, and not only for listed companies. Non-financial factors such as ESG (Environmental, Social and Governance) are becoming part of the analysis process to identify risks and opportunities for growth. Companies increasingly provide information on these topics in their annual report or in a separate sustainability report. Moreover, CSRD (Corporate Sustainability Reporting Directive) is the new EU legislation requiring all large companies to publish regular reports on their environmental and social impact activities. Again, the aim is to help investors, consumers, policymakers, and other stakeholders assess the non-financial performance of large companies. Companies thus no longer focus solely on material drivers for value creation. Intangible drivers, such as sustainability performance, are also becoming increasingly important. Companies need sustainability data to support and adjust their strategy and business activities: from the choice of supply chain partners to internal governance. And, last but not least, (potential) employees are likewise looking for socially responsible organisations.
2. Do Sustainability managers then look at IT and ask the CIO for answers?
3. Do CIOs see sustainability coming up on their agenda - and do they, in turn, look to their partners and suppliers (such as LCL and its sector peers)? Is greenwashing taking place at the expense of another player in the value chain? Does the entire chain take responsibility for preventing its efforts from being nullified by another link in the chain?

THE DEBATE

The nature of a company's core business strongly determines the place of sustainability on its agenda

According to Véronique Touilly - in charge of sustainability at the pharmaceutical company UCB - "Sustainability is about the future. It is about taking the right decisions now." At UCB, sustainability has been high on the corporate agenda for more than a decade yet. And it still is. After all, as a supplier of pharmaceutical products, one has a clear social responsibility. Caring for the patient and, by extension, for the employees is part of their mission. The S (social) is therefore very central in their sustainability strategies. This S covers several aspects: internally by working on diversity, reducing the salary gap, the burn-out ratio and social return on investment (personal development), and externally by setting up social initiatives (obviously in the medical field but also in other domains such as education).

And the role of IT? According to Véronique, IT was not even on the sustainability programme's radar in the very first phase. Around 2010, internal IT collaborators came forward with proposals to contribute to the programme. Today, their role focuses primarily on helping the core business to become more sustainable. Next to that, IT also gets involved in the corporate objective of reducing its carbon footprint, among others, by the choice of its suppliers. After all, UCB wants 60% of its suppliers to be carbon neutral by 2025. And this seems to be where the shoe pinches: there is not yet an unambiguous answer to the question of how big the carbon footprint of IT is or can be within the organisation.



E (Energy) is clearly the most mature domain with simple parameters

As UCB also pointed out, the 'E' in the ESG story is often the easiest - or at least the most straightforward - to use for quantifiable parameters. The challenge remains to define metrics by which the progress made in the S (Social) and G (Governance) can be measured.

Philip Mol, sustainability manager at BPOST, also endorsed this problem. IT is mainly expected to provide qualitative data to demonstrate how the business achieves its sustainability objectives. Here too, the focus is on the core business. How do we make it more sustainable? As far as the footprint of IT itself is concerned, it is often more challenging to get a clear view, especially if a significant part of IT is outsourced.

Let us first make our core business sustainable. The rest - like IT - we'll look at it later

UCB, BPOST but also Timothy De Ben, DPD's IT infrastructure Manager, clearly indicated that sustainability starts with the core business. It goes without saying that a logistics company such as DPD first looks to optimise the carbon footprint of its fleet of hundreds of delivery vans and trucks. The electrification of the fleet and the optimisation of their routes (thanks to IT, among other things) have a much more significant impact than IT as such.

Stephanie Deleul of Arvesta agrees. She sees the role of IT above all in helping to build the sustainable agricultural company of tomorrow. Farmers have become - of necessity - business managers who use sophisticated data analytics and innovative agricultural installations and equipment to run their business optimally, taking into account fast-evolving environmental legislation and regulations. But it is not only the government that is pushing for this. Customers and the financial world are also increasingly using sustainability parameters to decide which agricultural company to engage with. The same goes for (potential) employees. In short, for the entire sector and its ecosystem of partners, customers and suppliers, sustainability has become one of the top priorities.



Sustainability as a business and personal objective

Today, remuneration and evaluation systems already link the compensation (via the salary or share plan) of their executives and managers and the achievement of core business objectives. As soon as this step is taken, the cascade of management objectives will work spontaneously and eventually reach the shop floor. However, the survey of the participants around the table showed that sustainability objectives are seldom included in this mechanism.

There is no standard yet for defining the total impact score

As mentioned above, the metrics are still in full development. There is a good first basis in the domain of E (energy or environment). In the domains of S (social) and G (governance) however, there is still much work to be done. According to Philip de Mol, it is perhaps even an illusion to expect standard metrics for a total impact score. After all, the measures and weights for sustainability can differ significantly by sector and even by region. Moreover, the data and insights are often lacking. The same also applies to the agricultural sector, where tools are currently offered to individual companies, but where, according to Stéphanie Deleul, we are still waiting for a total view of the environmental impact of each element in the entire chain.



“ Sustainability is about the future. It is about taking the right decisions now. ”



The IT team and the Sustainability team still often work alongside each other, but change is afoot

In most companies today, there is no direct bridge between their digital transformation and their sustainability programmes. As Eric Goris, CIO of Ethias put it; IT is seen more as an enabling factor, not as a driver of sustainability. Except for companies where IT is core business (integrators or DC operators such as LCL), companies' IT teams rarely ask themselves fundamental sustainability questions. Or they pass them on to their suppliers. Today, it is actually rare for sustainability criteria to appear in the specifications of an IT-project. After all, the priorities lie elsewhere: on speed, reliability, ... and financial efficiency. This sometimes leads to surprising observations: such as some newer versions of IT-servers consuming more energy than their older brothers. Bizarre? Compare it to sports cars where the latest model is much faster and more powerful, but unfortunately also uses more energy. Moreover, IT teams often choose the safe over the uncertain, which is understandable as ensuring continuity is one of their most important tasks. This means that easy sins are committed, such as the 'over-powering' or 'over-dimensioning' of IT systems.

According to Michael Boeckx, CTO at NRB, in some companies, the work of their digital transformation teams is not really always sustainable, for the simple reason that they rather add an extra (newfangled) layer to the existing legacy systems. After all, their first task is to ensure that everything looks better, more contemporary, and that new customer-friendly platforms and services are developed. In this process, it is not uncommon to replicate (and store) substantial volumes of data (again), add systems and applications on top of the old ones, and finally increase the total mass of HW and SW... and their energy consumption. Rarely are old legacy systems and their data removed or completely redesigned with a view to the total energy picture.

In the public sector, too, IT has long been the 'elephant in the room' when it comes to sustainability. According to Ivan Stuer, CIO of the Flemish Energy & Climate Agency, the energy consumption of the IT infrastructure was not taken into account in major renovations or digital transformation projects. IT was not sufficiently tangible and, therefore not immediately on the radar of sustainability programmes.

In the logistics sector, you sometimes even have a vicious side-effect of digitisation, adds Timothy De Ben. In the constant struggle to satisfy the customer's need to track and trace parcels, for example, a system with video and photos was set up that provided a perfect view of the parcel's location, treatment (and even weight). However, in this way, huge amounts of data are being created, which does not contribute to the overall energy efficiency of the systems. The efficiency of data creation, storage and use is thus a constant battle at DPD.

But there is also good news: the focus on financial efficiency also has a positive 'side effect'. As soon as the cost picture improves by virtualisation or by using sustainable energy sources such as windmills, the supply from the IT farmers will naturally also evolve in the right 'sustainable' direction. Therefore, the energy and cost-efficiency of IT systems are increasingly going hand in hand. Or to quote Philip Mol of BPOST:

“ Sustainability is a business, today energy efficiency is financial efficiency. ”





LCL is committed to play a leading role

According to Laurens Van Reijen, CEO of LCL, the company's commitment to sustainability goes back almost 20 years. The first impetus came in more than 10 years ago when Amsterdam suddenly banned all data centres from the city because of their energy consumption. LCL then decided - together with a group of data centre and cloud providers - to work towards climate-neutral data centres. To get there, using green energy is but a start; the consumption of water - another rare resource - must also be reduced, IT materials must be recycled, and the heat generated by the servers must be re-used in a good way. A joint European Datacenter Pact was born. In the following years, it was promoted and increasingly spontaneously applied. The pact was presented to the European Commission as a way of gaining time. After all, self-regulation works faster and more efficiently than enforcing the same through laws and regulations. Moreover, suppliers - including global players such as Schneider - were invited to think along and proactively come up with 'better' or innovative equipment (such as generators running on hydrogen instead of diesel). LCL launched its 'Science Based Target Initiative' two years ago. Today it is being implemented. The objective? To reduce total CO2 emissions despite the strong growth of LCL's activities.

LCL clearly wants to take a leading role in this field. In doing so, the company is responding to the demands of all its stakeholders. Its customers demand it (they are in turn, pressured by their customers and employees). Banks encourage it and even offer better terms to companies that can present a strong sustainability roadmap. Even investors are pushing them to work on the governance (G) and social (S) aspects next to the Energy aspect. And last but not least, sustainability in the broad sense of the word, has become an important signpost for all companies around the table for entering the fray in the current 'war for talent'. Or as Laurens put it: "Today, we have to sell ourselves to potential collaborators, whereas 10 years ago it was the other way round".

Nevertheless, there is still a long way to go. 63% of all IT systems are still on the companies' premises. So there is still enormous potential here. Specialists like LCL are much better equipped to reduce the footprint than the companies themselves. LCL's growth acts as a lever: its green credentials are clearly enhanced by economies of scale.

CONCLUSION AND WRAP-UP

Michael Wagemans, sustainability manager at KPMG summarised the main points of the discussion as follows:

- Sustainability is a task for the entire company and must necessarily cover the E (energy), the S (social) and the G (governance).
- If you want to achieve results with a sustainability programme, link it to your business, to your core activities and how you make money.
- IT, and more specifically, data, are elephants in the room. We know they are (or could be) important, but not enough is known or measured yet.
- Digital is an enabler for sustainability, but it is not a straightforward story. Often, we do not know what lies under the bonnet and whether the effects of IT projects are achieving the (total) sustainability gains that we are looking for.
- The total impact score - what is ultimately the full impact if you take all elements and the entire chain into account - is still unknown. ESG reporting standards are still in evolution.
- From the perspective of ICT service providers, there is a lot of push and pull in the market. It is an opportunity to market new services and to differentiate: LCL is committed and wants to play a pioneering role in this, as a company, but also at sector level and within its entire value chain.

The Roundtable was organised by CIONET and LCL on 28 April in 't Hofke of Basel in the historic centre of Kruibeke. This top restaurant boasts one of the only eight Green Michelin Stars in Belgium. The Green Stars are awarded by Michelin to the most sustainable gastronomic restaurants.

Many thanks to all the participants of this compelling roundtable discussion:

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at BPOST

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& Spokesperson, Arvesta

Véronique Touilly

Global Head Of
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Michael Wagemans

Head of Sustainability,
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About CIONET

CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

cionet.com



About LCL

LCL offers years of experience and know-how in the field of data centers and co-location. The company has five independent data centers: Aalst (LCL Brussels-West), Antwerp (LCL Antwerp), Diegem (LCL Brussels-North), Gembloux (LCL Wallonia One) and Huizingen (LCL Brussels-South). Thanks to the efforts of its dynamic team and reputable service provision, LCL has grown over the years into a company that offers its services to customers active in many different sectors.

Multinationals, small and medium-sized companies, governments, internet companies and telecom operators all call on the services of LCL. Customers have the choice of more than 40 providers and the LCL Cloud Exchange for optimal connectivity. The company is Tier III certified and complies with ISO 27001, ISO 45001 and ISO 9001 standards. LCL also resolutely embraces sustainability and is ISO 14001 certified. In addition, LCL holds ISAE 3000 and ISAE 3402 type II reports. More information

lcl.be/en

