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Q&A-Firms should have neutralization strategy, but not as sole policy: Page Motes Technology critical in transition to sustainable energy: David Holmes, Dell Tech



It is necessary for corporations to have a well-informed neutralization strategy in their climate pledges, but it cannot be the only strategy, **Page Motes, head of corporate sustainability at Dell Technologies**, told the Reuters Global Markets Forum on Wednesday, May 5.

"The goal of net zero is to abate as much of your emissions as is possible and to leverage a neutralization strategy to only address those items which cannot be abated," she added.

Motes said Dell did not have a carbon neutralization strategy yet, but is beginning to think about it, while engaging external companies to help with the process. "Our goal is (to) only leverage it as a small portion of the overall outcome."

David Holmes, chief technology officer-energy at Dell, said the world needs a broad range of technologies to meet its aggressive climate goals. "There is no silver bullet solution."

He said technology is critical to the entire energy ecosystem, but challenges remain on how the vast amount of data being generated will be understood and integrated in all the disparate systems.

"The grid is critical infrastructure and needs to be resilient, reliable, and protected from all forms of threat be they cyber or otherwise," he added.

Following are edited excerpts from the conversation:

Q: How is global digital energy transition progressing, compared to formal commitments that countries have made?

David Holmes (DH): There are a couple of pieces to this. Firstly, in terms of the energy transition towards sustainable energy, investment continues to increase and the deployment, especially of wind and solar, continues to dramatically outpace all other new energy generation. And as we recently saw on Earth Day, bold ambitions are being set out. The U.S. for example committing to 110 GW (gigawatts) of offshore wind of which 30 GW should be delivered by 2030.

However, in addition to the generation side we also need to look at the digital energy transition. We need to look at how we will invest in grid modernization to ensure that we are maximising the use of low/zero carbon energy generation. As the complexity of the grid increases by orders of magnitude, new systems will be needed to deal with distributed energy resources, energy storage and vehicle-to-grid integration.

Page Motes (PM): As organizations, including Dell Technologies, are leaning in to net zero commitments it's important that the continual migration to green energy is a key focus area. For Dell Technologies, the use of our sold products is a significant aspect of our total carbon footprint and it helps both the customer and Dell when the environments in which those products are being leveraged are renewable energy-sourced environments.

Q: What role do you see technology playing in this whole transition?

DH: Technology is going to be required across the entire energy ecosystem. For homes, to cities to factories and across the grid. Two particular challenges are: analysing and acting on the vast quantities of data being generated, and then understanding how we can integrate all of these disparate systems. At the same time, we have to remember that the grid is critical infrastructure and needs to be resilient, reliable, and protected from all forms of threat be they cyber or otherwise.

Q: What savings can companies expect to make with the deployment of artificial intelligence (AI)?

DH: AI is one of the tools that companies can take advantage of to optimize their use of resources and work towards their sustainability strategies. We see many companies starting their climate and sustainability journey by looking at how they can implement measures that will directly impact their bottom line, so the ROI (return on investment) on these can often be very fast.

Q: In terms of environmental, social and corporate governance (ESG) reporting to the investment community, what does Dell disclose and how do your respective teams contribute to that reporting?

PM: Dell does disclose a variety of ESG data points and narratives externally. We disclose to the CDP (Carbon Disclosure Project), for example, related to both climate and water. We have an annual report called Progress Made Real -- next launch end of June -- which provides a great deal of detail around our Scope 1, 2 and 3 emissions. We disclose to GRI (Global Reporting Initiative) and other bodies, and these items are not just for sustainability data points, but focus on the entire spectrum of social impact.

Q: Could you give us a sense of the progress on Dell's own sustainability goals?

PM: We have goals related to three themes: circular economy, climate change and supply chain workers. In the area of circular economy, we have a moon-shot goal that by 2030, for every product a customer buys, we will reuse or recycle an equivalent product -- 100% of our packaging will be made from recycled or renewable material. More than half of our product content will be made from recycled or renewable material. In the area of climate change -- which we call Protect the Planet, we have just introduced a new commitment to be net zero across all Scopes 1, 2 and 3.

Underpinning that, however, are a set of interim goals, which include further reducing Scopes 1 and 2 by 50%, working with our direct material suppliers to reduce Scope 3 supply chain emissions by 60%, and we are developing a new set of product-use goals to replace our long-standing, and soon to expire, energy goal around our portfolio.

I would also say that our new Scopes 1 and 2 and upstream supply chain Scope 3 goals have been SBTi- (Science Based Targets initiative) validated, and our original product energy goal was one of the first SBTi-validated use of sold product goals. So, our development work for a replacement this year will ideally be a second generation.

Q: Your CDP score on Water Security for 2020 was B-. What are you doing to get that up to an A score?

PM: Our 2030 interim goals also include a focus on our own facilities and advancing sustainability practices. One of the focus items is water reduction efforts, in both water-stressed and less water-stressed locations, around the world. Due to COVID-19, some of those facilities' specific plans were delayed, but you will start to see water reduction efforts increase significantly very soon. We have also joined the WBCSD (World Business Council for Sustainable Development) WASH (access to safe water, sanitation and hygiene) Pledge to continue our work on water security around the world.

Q: To what extent are companies' climate pledges dependent on carbon offsets?

PM: We believe that although it may be necessary for organizations to have a well-informed neutralization strategy -- language adopted from SBTi net-zero goal current state guidance, it cannot be THE strategy. The goal of net zero is to abate as much of your emissions as is possible and to leverage a neutralization strategy to only address those items which cannot be abated, and that may differ industry to industry or company to company, depending on the nature of their footprint. This strategy should, however, focus on carbon removal, and we believe that over the years, there will be more and more innovation and advancement in this space.

Dell does not yet have a carbon neutralization strategy -- but we are starting to think about this concept and are engaging a number of third parties rooted in the science to help us start to identify what could be on the horizon. But our goal is, to my above point, only leverage it as a small portion of the overall outcome.

Q: One thing that has come up in discussions with guests this week is that companies shy away from making proper disclosures -- how can that be addressed? And how can more companies be brought on board to achieving these targets?

PM: We are of the belief that more standardized metrics and reporting methods would be helpful to address this concern. There are many different frameworks, reporting mechanisms, and then ways in which that data is leveraged. Both for climate and circularity, more standard approaches would likely help settle concerns. I think more companies talking together about these issues and partnering with thought leadership organizations where the concerns and opportunities for change can be worked through can advance this work.

DH: The energy majors have to operate in a complex global regulatory environment and meet the expectations of their stockholders and customers. It's interesting to note that the market is rewarding those companies that are prioritising their energy transition initiatives.

PM: Yes, the reality is that we need everyone to set - and achieve - their goals if we are to avoid the worst of the climate crisis. We all know that a company's environmental impact occurs through its whole business ecosystem. The entire value chain has to be activated.

Q: Electricity distribution is largely dominated by a few massive players in each country, even region. With the advent of new technologies and avenues, do you expect this to get decentralised to smaller and medium players?

DH: It really depends on the regulatory environment. In the U.S., for example, smaller DER (distributed energy resources) generators are able to participate in the market. Overall, though, I do see a huge proliferation of generators - from prosumers with their own solar capability through community micro-generation projects to specialist providers of generating capacity.

Q: How do you see the future of renewable energy evolving? Will it be a combination of everything, or is anyone going to lead the way, eventually?

PM: We believe that there needs to be a basket of renewable solutions. Wind and solar both have strengths and weaknesses. We know that hydro and geothermal need to be more explored, but we'll see how heavily they play. We also expect to see battery technology improve significantly over time.

DH: I'm convinced that we will need a broad range of technologies if we are to meet our goals and ambitions. Some of these technologies are in development and some have been proven over decades and will continue to evolve and advance. There is no silver bullet solution.

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