

“Support worldwide economic growth while respecting universal principles”
(Kofi Annan, General Secretary of the United Nations)

France Telecom, participant in the Global Compact



The “Global Compact” is an appeal to the directors of international companies that was launched in 1999 by the United Nations.

All publicly-owned companies and all of the private sector are invited to subscribe to the “Global Compact” and to work with the United Nations, in partnership with trade unions and Non-Governmental Organisations (NGO), on the basis of ten universal principles, particularly in relation to human rights, working conditions, the fight against corruption and environmental protection.

Participation in the “Global Compact” is a voluntary decision. The undertaking that it implies must allow companies to highlight their responsibilities and their contribution to the implementation and construction of the new world economy. It is about speeding the pursuit, as part of a common movement, for the largest number of the very best ways to profit from globalisation.

REMINDER of the Principles



Principle 1 :	Respect and promote the international observance of Human Rights, within its sphere of influence
Principle 2 :	Ensure that our own company is not complicit in Human Rights infringements
Principle 3 :	Promote freedom of association and recognise the right of collective bargaining
Principle 4 :	Eliminate all forms of forced labour
Principle 5 :	Take effective measures to abolish child labour
Principle 6 :	Eliminate all forms of discrimination
Principle 7 :	Adopt a precautionary attitude in environmental matters
Principle 8 :	Take initiatives to promote greater environmental consideration
Principle 9 :	Encourage development and diffusion of technologies that preserve the environment
Principle 10 :	Fight all forms of corruption

President's message

In July 2000, France Telecom was one of the first French companies to join the Global Compact. This public commitment undertaken by my predecessors is the expression of our willingness to pursue our growth in a responsible manner. It also allows us to declare and promote some principles that are shared by all employees via the Company's code of ethics. France Telecom's support for the Global Compact's 10 principles forms a universal framework of reference, to the advantage of our customers and, more generally, all of our stakeholders.

I also believe that for ourselves, it is a means of helping us, together with our partners, to meet the challenge of creating more balanced societies.

Our business as a global telecommunications operator gives us an important role in both the economic and social development of the communities in which we operate. We therefore have a social mission to carry out. We must offer society developments that are acceptable, innovative and giving most potential for progress: services that are accessible, efficient, convenient, useful and simple for all to use.

Today I am convinced that our strategy and our policy, particularly with the NExT (New Experience of Telecoms) programme, which is based on the ongoing efforts of all our employees together with all our potential for innovation, can allow us to respond to these challenges.

It gives me great pleasure to present, in this document, some initiatives chosen as examples that bear witness to the application of our strategy for "responsible growth." They are also the expression of the Company's overall motivation and that of all its employees.

Thus, France Telecom is contributing to the completion of the UN General Secretary's project: a world economy bringing sustainable development.

Didier Lombard,
Chairman and Managing Director, France Telecom

In Human Rights matters, France Telecom undertakes to :

Principle 1

Respect and promote the international observance of Human Rights, within its sphere of influence.

Our vision

Rooted in our culture and integrated into the principles of our code of ethics, respect for Human Rights is one of the essential components of our traditional values. It is based upon the recognition of human factors within the Company. It is shown in the partnerships and associations that we put in place. It is expressed in a visible way, according to local priorities, via investment characteristics that are specifically adapted to particular needs or expectations.

*...as a telecommunications operator, we have a social mission to carry out.”
(Didier Lombard, Presentation of the three-year strategic plan “NExT” – June 2005)*

Our commitments

Preserve health and ensure safety at work

Respect for the health and safety of its employees forms part of France Telecom’s undertaking to support and promote Human Rights within its sphere of influence, in compliance with the Global Compact’s principles.

To this end, France Telecom has defined a company-wide “Health and Safety at Work” policy, common to all of its subsidiaries and based mainly upon:

- respect for the laws and regulations that apply within the countries where France Telecom or its subsidiaries operate,
- implementation of action plans adapted to their activities,
- implementation of training programmes to ensure that managers behave professionally in health and safety matters, particularly concerning prevention of risks in the workplace,
- appropriate consultation of employees and their representatives,
- systematic responses to requests from stakeholders.

Respond to local concerns regarding health and safety at work

Within France Telecom, the implementation of the Company policy on health and safety at work takes place via a system for the active management of safety. Among other things, this includes emphasis on individual responsibility, a particular effort in training managers and technical experts and precautionary principles concerning various professional risks which are announced by the creation of a single professional risks evaluation document and its subsequent follow-up.

Moreover, a regular dialogue with personnel representatives takes place in around 235 CHSCT (Comité d'Hygiène, de Sécurité et des Conditions de Travail [Health, Safety and Working Conditions Committees])

Thus, in 2004, the permanent commission of France Telecom's CNHSCT (Comité National d'Hygiène, Sécurité et Conditions de Travail [National Committee on Health, Safety and Working Conditions]) studied the effects of stress by surveying those working in telephony-related and managerial jobs. From an analysis of the stress factors in these jobs, the committee was able to bring locally implemented prevention practices to the attention of all the CHSCTs.

Orange is developing a structured programme to improve health and safety at work. As part of this, Orange Netherlands has put software on line that allows employees to improve the configuration of their workstations and has called in ergonomic consultants to inspect all of their workplaces.

Mauritius Telecom is developing a risk analysis process, measures to control and reduce risks, emergency plans and procedures for analysing accidents. Also, a stress prevention programme that includes an evaluation, checking procedures and the introduction of aerobics and yoga sessions has been put in place.

In Poland, our subsidiary TPSA's commitment in health and safety matters is illustrated by the percentage of employees who have received special training. This has never been higher than in 2004, thanks to implementation of e-learning programmes using the Internet.

As a final example, in Senegal, after an analysis of a good number of workplaces by Sonatel, a study to map professional risks that began in July 2004 is now being carried out. This action is prior to the implementation of an annual prevention plan.

France Telecom Research & Development (FT R & D) is the main European centre for research and development and is one of the top three in the world amongst telecoms operators. With 4,200 researchers (originating the design and development of about 70% of the operator's commercial products and services) spread over 17 centres, of which 9 are overseas (London, San Francisco, Boston, Tokyo, Warsaw, Peking, Canton, Seoul, New Delhi), a portfolio of 6,965 patents and a planned increase in its R & D budget of 20% in 2005, FT R & D is the motor that drives the company's innovation, in France and abroad. Its role is to guarantee new sources of growth, in particular by anticipating revolutions in technology and usage and, from that moment on, to design solutions that will soon form part of people's everyday lives.

With the new three-year NExT (New Experience of Telecoms) plan presented in June 2005, France Telecom intends to become the leading European supplier of telecoms services. By 2008, this plan provides for the research and development budget to pass from 1.5% of turnover to 2%. NExT is more than a plan oriented to the company's operational performance. It is intended to support France Telecom in its transformation by helping it to take into account stakeholder expectations within its sphere of influence. Bearing in mind the convergence of telecoms and computing, and today the convergence between fixed, mobile or Internet telephony, we are going from a theme of accessing networks to one of accessing services. France Telecom has already prepared its network and unified its information systems in each country in which the company operates, to be able to offer new services, developed from its commitment to research, to the largest number of people.

The actions taken by FT R & D and its partners bear in mind the social concerns linked to new types of use: new solutions adapted to particular sectors of the public, to particular local economic, cultural, environmental and social contexts. They also take into account health concerns. So, as the potential impact of electromagnetic waves on health is an important concern for public opinion, France Telecom and its subsidiary Orange have undertaken to do everything possible to be at the forefront of knowledge on this subject and to ensure that their installations and equipment conform to national and European regulations. In 1998, the International Commission on Non-Ionising Radiation Protection (ICNIRP) published maximum limits for public exposure. In July 1999, a recommendation from the Council of the European Union based upon ICNIRP's work gave the maximum levels to which the public may be exposed. These measures were applied in France by the decree dated 3rd May 2002.

Since 1994, France Telecom Research and Development has placed its expertise in radiation measurement at the disposal of the French programme COMOBIO (COmmunications, MOobiles and BIOlogy), which studies the biological effects of radio waves on the human body.

France Telecom also contributes to standardisation work on the measurement methods used by *CENELEC* (*Comité Européen de Normalisation ÉLECtronique* [European Committee for Electronics Standardisation]) and supports European

research by participating in the World Health Organisation's "Electromagnetic Fields" programme.

For the last 11 years, FT R & D has also organised a conference bringing together a large body of professionals (operators, manufacturers, scientists, etc) to take stock of the current state of knowledge.

Lastly, the company regularly participates in scientific conferences (European Bioelectromagnetics Association, COST 281, BEMS, etc). With these aims in mind, Orange, in partnership with the "*Cité des Sciences et de l'Industrie*" [Centre for Science and Industry] (CSI) helped to create the exhibition "Mobile telephony: receive everything", which ran from December 2004 to June 2005. The exhibition looked at the technologies associated with the deployment of the UMTS network, following three themes: its scientific and historical foundation, how it works and how it is used. A scientific committee chosen by the CSI checked the accuracy and pertinence of the information presented in the exhibition.

Offer solutions to people with specific needs

People who are in a situation of dependency (due to age, illness or handicap) have specific needs. Modern communications technology can bring them solutions to reduce the difficulties that confront them, by simplifying daily tasks or by helping them in their living environment and in their relationships with family and friends.

It is in the context of local partnerships (institutions, social organisations, the medical and hospital sector, associations, local authorities, etc) that, for example, patients or elderly people can be cared for at home. This is made possible mainly by video-telephony – the customer can be connected to a help centre and a specialist can be consulted remotely. The person's family can also communicate by video with him or her.

It is in this same spirit of partnership that solutions for people with disabilities are developed: local services and specially adapted products. And it is also why, in October 2003, France Telecom created the DMCHG (Direction de la Mission pour les Clients Handicapés du Groupe – [Directorate of the Mission for Disabled Customers of the Company]) Its role is to define and propel France Telecom's policy concerning people with disabilities, to co-ordinate and lead correspondence with different departments within the company and to build partnerships with all the local actors in this area.

The two specific expectations that disabled people have are autonomy and accessibility. Disabled people and their families and friends, associations of disabled people, local authorities, professionals working within the sector and government organisations, as well as services internal to France Telecom (Research and Development, Human resources, Marketing and Distribution, etc) work together in such a way as to build or adapt a complete offer that combines voice, text and images, distributed via fixed or mobile technologies and the Internet.

Employees and expert sales people are trained to remain attentive to the expectations of customers with disabilities and to be able to offer information on

available services. Toll-free telephone and fax numbers and an e-mail address have been made available and a catalogue "Special Needs Solutions" is available in shops. All these services are also available via interactive Web pages. *Special Needs Solutions* shops and dedicated areas (Rainbow Areas) are available throughout France.

To facilitate access to certain services (for example, in the case of someone receiving medical treatment at home), local services are also made available in partnership with local providers: domestic help or mobile catering services that fit in with the local economy.

To help those in a situation of social deprivation or crisis

Modern communications technologies are a tremendous tool for creating, maintaining or rebuilding links between people. In the context of helping others in difficulty, either on a regular basis or in emergencies, they can help in the management of crises, offer more human dignity and show others that their difficulties are understood and recognised.

France Telecom, via its Foundation, has put in place a corporate sponsorship programme that aims to promote the building of links between people and encourages them to "Communicate more". This sponsorship includes three areas of action: health / disability (autism, visual and auditory impairment), education (the fight against illiteracy and the promotion of education for girls in emerging countries) and culture (vocal music).

So, for example, since 1991, the France Telecom Foundation has acted to improve the quality of life of autistic people and to increase public awareness of the importance of early diagnosis of this handicap (creation and fitting out of aid facilities, training of professionals, participation in medical research programmes, etc). As well as this help, since 2001, the organisation of National Autism Days, where all of France Telecom and its subsidiaries work with parents associations, helps to advance recognition of this cause. The operation was designated "cause d'intérêt général" [campaign in the general interest] in 2004. Alongside the Foundation, the association *Volunteers for the Autistic* brings together employees or retired former employees of France Telecom and its subsidiaries who give their time to share leisure activities with autistic people. This association also helps families to finance holidays and training periods.

The mastery of basic skills such as reading, writing, counting, understanding time and spatial relationships, and the development of logical reasoning are important assets to enable more autonomy in daily living and to encourage interactions of a social and professional nature. In France, in 2004/2005, the Foundation, as part of the fight against illiteracy, supports training projects aimed at more than 1,300 adults. It also encourages skills development for 350 volunteer trainers.

Concerning education for girls, a partnership has just been signed with UNICEF for the construction and rehabilitation of schools, promoting schooling for young girls in emerging countries. The education of girls is essential as it is also that of future mothers and their children. More generally, it is a task aimed at improving

tomorrow's society, especially in health and economic matters. In Mali, in Jordan, in Slovakia and in Senegal, France Telecom has implemented sponsorship programmes with local associations and institutions, as well as with international NGOs. In Senegal, for example, a programme encourages young girls to be kept at secondary school in regions that are geographically disadvantaged. Since 2004, 900 scholarships have been granted to motivated adolescents from modest backgrounds.

To these examples of sponsorship in action must be added the partnerships that provide a response to natural disasters and endemic illnesses:

In Ivory Coast, Senegal, Botswana and Mali, where AIDS is responsible for around 30 deaths per day, France Telecom has put in place information and prevention programmes.

In Mali, a public awareness campaign has been developed (October 2004 / October 2005) under the aegis of the Health Minister and in partnership with an international NGO.

In Ivory Coast, the involvement of Côte d'Ivoire Telecom (CIT) in the fight against AIDS continues, particularly with the official launch in June 2004 of the activities of the AIDS Solidarity Fund, financed by contributions from employees and grants from the company. Employees are kept informed (by a local awareness-raising campaign that, in particular, encourages voluntary testing), medical personnel are trained (to treat people who are affected or who are themselves infected) and the medical costs of those who are ill are borne (employees and qualifying personnel have 100% of their costs paid and confidentiality regarding their condition is respected: they are received at CIT's medical centre in the same way as other patients). CIT has had no cases of death amongst those patients who receive regular medical treatment. Those patients receiving ARV (Anti Retro-Viral) treatment continue their professional activities. Company personnel are encouraged to raise awareness amongst their family and friends concerning risk factors (those relating to AIDS and also to other sexually transmitted diseases, to cardio-vascular disease - hypertension, smoking, etc - to diseases such as cholera and typhoid, and also malaria). Testing is encouraged and medical costs incurred by the whole family are paid.

In Botswana, Orange, faced with the need for information and education to limit the spread of AIDS, has implemented a programme with the help of several international organisations. A first budget was granted in 2004. The policy that was defined encourages respect for those who have the disease, better knowledge of the illness, and insists on non-discrimination.

Also, in Ivory Coast and Senegal, where malaria is one of the main causes of death and ill health, France Telecom is taking action. The sections of the population most affected by this illness are children under 5 years old and pregnant women. Information campaigns are carried out, medicines are distributed, etc. As a preventive measure, Sonatel distributes mosquito nets.

In Senegal, free medical visits are also organised for elderly people.

At the end of 2004, following the tragic events in South East Asia, France Telecom and its employees acted to put its personnel and its most innovative

technical expertise at the service of the community. Thus, France Telecom was behind some very significant fund raising, using the Internet and SMS messages from mobiles. By making additional top-up contributions, France Telecom also contributed generously to the aid effort. Finally, by supporting the NGO "Télécom Sans Frontières" [Telecoms without borders], France Telecom participated in re-establishing telephone links in areas struck by the disaster.

Facilitate better access to information

Universal access to information contributes to better social integration and is a priority for the company and its different subsidiaries. By encouraging knowledge, by helping to strengthen ties and by creating opportunities for people to meet, it also allows new modes of expression. Many initiatives have been taken, in cooperation with local authorities, other companies or with associations, to allow the maximum number of people to have access to new information and communication technologies.

In France, the company has invested considerable sums to guarantee access to new communication technologies everywhere, for all, particularly via two major initiatives:

- the plan "broadband for all" (launched in June 2003), which will allow delivery of broadband to 98% of the population by the end of 2006 and will facilitate deployment of public Internet access points by local authorities;
- the creation of multi-mode services (accessible from fixed and mobile telephones, no longer only from the Internet), now guarantees access to innovative services for all.
- broadband for all on mobile telephones: Orange is the only operator in France to put mobile broadband technologies (WIFI, 3G, Edge) at the service of its customers, always with the same imperative of ease of use and simplicity for the user. Already, 85% of the population is covered by the Edge network and 45% by the 3G network.

New solutions, offered as part of a dialogue with local partners to provide a better response to specific expectations, now make daily life easier for all: they allow families to get in touch with schools easily, local authorities to keep communities better informed, medical services to be closer to their patients - the list goes on and on.

Everywhere the company operates, close cooperation with local actors allows development of innovative initiatives:

- Foreign subsidiaries develop telecoms centres for isolated or economically disadvantaged populations that are without fixed lines, thus aiding their social integration.
- In France 700,000 households benefit from reduced subscription costs.
- In Senegal, partnerships with universities and schools are developed to offer Internet access at preferential rates.

- In Jordan, a programme carried out in partnership with the Education Ministry that aims to facilitate development of the Internet in schools has promoted computer assisted teaching of written Arabic as part of the fight against illiteracy. In March 2005, JT launched a campaign making it easier for Jordanians having access to a fixed line to access new technologies: the sale of PCs in 37 centres spread throughout the kingdom, with payment in stages and the monthly telephone bill including Internet access at a preferential rate. Via the *Jordan Fund* Foundation, Jordan Telecom has participated in many initiatives to improve the technological, economic and social development of the kingdom. Today, 3,799 schools, 184,523 students and 27,248 teachers have been trained in the use of the Internet thanks to a tent and a bus, equipped with multimedia tools, that travels around the country. An agreement was signed between the *Princess Sumayah University for Technology* and JT in June 2005 to reinforce cooperation between the world of education and that of the kingdom's businesses by making use of new technologies.
- In Poland, in the context of a national agreement for the development of the "Information Society", as part of the "TP Education with the Internet" programme, more than 60% of schools can that can benefit from ADSL are today equipped with broadband access at a reduced price. More than 1,500 ex-company computers have also been transferred to elementary schools in small towns and villages or to specialist schools.
- In France, France Telecom has joined forces with public service companies (EDF/GDF, SNCF, TCL, La Générale des Eaux [a water utility company] and the postal service) to pool resources for creating tools to access public services, with the aid of the state and local authorities. There are currently 12 PIMMS (Point d'Information Médiation Multiservices [Multi-service Mediation Information Points]), which are urban organisations federated at the national level. These are designed to help in the creation of social contacts and are established in so-called "sensitive" areas. They offer local people free access to a help centre, open all day, every day of the week. They act as a neutral point of interface between local people and service providers – a place where people can obtain advice and information for greater personal independence, as well as help with form filling and administrative matters and advice on employment and training. They also offer resources and access to communications technologies, allowing people to use office equipment or receive an introduction to Internet use. They also create employment for young people who live in the areas where they are established. These young people are deeply involved in discussions on local issues and in locally organised activities (events of various types, festivities, etc) and their participation helps to revitalise the areas in which they live. They also benefit from skills development that helps them to evolve in their chosen career direction. As the association of PIMMS has proven experience in urban zones, it has been chosen by DATAR (Délégation à l'Aménagement du Territoire et à l'Action Régionale [the French government's regional development department]) to advise local authorities within 14 rural administrative departments that wish to implement public service structures. In December 2004, the DATAR and the association of PIMMS signed an

agreement to complete this project in 2005, working with local authorities in the rural zones.

Encourage regional activity and growth

The attractiveness of a region is often the result of balanced development that is itself a consequence of partnerships created because of a convergence of interest among local economic actors (local authorities, companies, shopkeepers, associations, etc). The company supports many initiatives to achieve this aim.

For several years, especially in France, France Telecom has encouraged and supported those employees who are interesting in creating or taking over a company, in whatever sector may be chosen. Other than being advantageous for the employees, it improves the professional mobility of the company's staff and is also beneficial to the regions, particularly in terms of employment. In 2004, 170 employees created or took over a company, that is 50% more than in 2003 and twice as many as in 2002.

In the context of its purchasing policy, when the company looks for relations with local suppliers, it considers services that the protected sector can offer (CAT - Centres d'Aide par le Travail [Centres for Help via Work], sheltered workshops or ADAPEI - Associations Des Amis de Parents d'Enfants Inadaptés [Associations of Friends of Parents of Maladjusted Children] for example). The aim is to put in place a strategy for developing purchases from the protected sector that is also coherent with the company's purchasing policy.

First efforts in this direction have naturally been directed to developing purchases of gardening services for open spaces and cleaning services for unmanned maintenance areas within buildings (centres of type Class IV). These purchases represent 72% of those from the protected sector.

Gradually, all types of purchase have been considered. 27 national contracts were negotiated and concluded in 2004 and at the beginning of 2005. They concern, for example: printing of visiting cards, business cards and envelopes, sorting and mailing services, commercial printing, call centre services and other work, particularly applying cable ties in distributors, cabling or tooling services, PC recycling and dismantling of telephone terminals.

The most important suppliers are DSI for printing (particularly for all of France Telecom's business cards), AGEFEH for tools, "les Fourneaux Marthe et Matthieu" [Marthe and Matthieu's kitchen range] for catering services, APF for various services, particularly cable tying services, Handicall Center as a call centre, the CAT "l'Ostrevent" for sorting and mailing services and numerous establishments for gardening services.

Concerning recycling and dismantling of office equipment, different workshops were visited to check that they complied with demands such as knowledge of legal requirements and that their waste disposal cycle was compliant with regulations (storage conditions, training, traceability, management of records, etc). 7 protected workshops located around the country have been working with France Telecom since the beginning of 2005.

The development of a cultural and human heritage is closely linked to the economic dynamism of a region. Linked to the interest generated in France by UNESCO's listing of the banks of the Loire as a World Heritage Site, France Telecom, alongside actors in the tourist industry (mansions and castles, abbeys, museums, hotels, restaurants, etc) and local authorities, launched a national site promotion programme in 2004. Based on virtual reality and multi-sensory technologies, the communications solutions that were chosen allow reconstruction of heritage sites that have disappeared, show sites that cannot be visited, put historical events into a scenic context and show heritage information in mutually enriching relationships.

This programme consists of offering solutions to equip sites with the aim of facilitating their daily management, improving the quality of visitor reception and developing communication with tourists to increase the number of visits.

Principle 2

Ensure that our own company is not complicit in Human Rights infringements.

Our vision

As a social entity, France Telecom interacts with and leaves an impression on the environments in which it is immersed. It is committed to responsibility in ethical matters.

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Our commitments

To share common principles

At the end of 2003, the company adopted a Code of Ethics: "France Telecom bases its development upon a set of values and principles that govern its actions and behaviour, to the benefit of its customers, its shareholders, its employees and the communities and countries where it is active, while respecting the environment and the needs of future generations."

The company's ethical commitments show its willingness to contribute to sustainable development via its present and future activities. Within the context of a common identity shared by all employees, they show respect for stakeholders and express its responsibility, going beyond its legal and regulatory obligations.

The company in its entirety (employees as well as management) is committed to respect this code.

Work with our suppliers to build relationships that take into account the challenges of sustainable development

Based on a commitment to performance, the company's policy concerning purchases allows it to continue to progress in matters of quality, costs, responsiveness, delivery times, innovation and sustainable development, with the aim of providing a better response to customers' expectations.

Based also on consideration of realities and developments in the markets which the company purchases, it takes into account the impact that its buying decisions will have on local labour pools, by always preferring intelligent

management of relationships with suppliers who may be in a weak economic position (particular vigilance will be shown, for example, in the case of possible situations of economic dependence in some of its suppliers).

Relationships with the company's suppliers are assessed using a performance evaluation system. Known as QREDIC® (Qualité, Réactivité-Relationnel, Éthique-Environnement, Délai, Innovation, Coût-Facturation [Quality, Responsiveness-Relational, Ethics-Environment, Deadlines, Innovation, Cost-Billing]), this tool includes factual data received from the different departments and subsidiaries of the company that are involved in relationships with suppliers. It also includes feedback from those "in the field" in relation to services from suppliers and also audit results that look at their procedures as well as their responses to the "Sustainable Development" questionnaire (see Principle 4). So that performance improvement plans can then be defined and planned in consultation with the suppliers, the evaluations are commented and presented to those partners involved in the contractual relationship.

As well as providing for a structured relationship with suppliers, this approach has also allowed a dialogue to be maintained at the local level (subsidiaries, technical entities), at a rhythm appropriate for the potential risks (ex: weekly and monthly progress meetings with service providing customers external to Orange France). It is also at the root of the process of optimising the "buying / ordering / billing" procedures, with the development of appropriate information systems. The exchange of digital data with our suppliers, whether for orders or invoices, improves the meeting of contractual obligations.

A commitment to data protection

The development of the information society goes hand in hand with that of cybercrime (see below). It is becoming more and more necessary to look at the security of the services offered to customers (individuals or companies).

This is as much about data confidentiality as about integrity, authentication or availability of services, whether concerning personal data about a person's private life or operational and commercial data, which is sometimes very sensitive. Although the security of customers is related to the security of their workstations, their servers and gateways, as well as to that of their own data, it is also based, in an intrinsic and conceptual way, on that of local or extended networks that are more and more interconnected. The network is growing ever larger and related services provide ever-increasing added value.

Information security requires a unified management approach within the company and an overall strategy comprising physical security of installations, logical security of information systems and networks and security of the organisation and its processes. France Telecom has implemented a specific programme to take into account the threats that come with the convergence of networks towards the use of the Internet Protocol, with specific protection measures both at the perimeter and in depth. All departments within the company are concerned. For example, Sonatel has its own action plan to

secure the information transmitted by its customers, both internally (employees) and externally, as well as that of its suppliers.

France Telecom, as the principal user of the services that it markets, is doubly concerned by security issues, both in relation to its own internal security (its data, its operations, etc.) and in relation to the security of its products and the confidence it wishes to inspire in its customers. This logic is supported in the context of partnerships that are undertaken with other actors in both the public and private sectors.

Wanadoo in Holland, for example, is a member of the association *Act*, which groups telecoms operators and Internet access providers having their own networks. *Act* channels pertinent information to service consumers. Other than work relating to analysis of public policy and organising arbitration to resolve situations of conflict, etc, *Act* is involved in debates, such as that surrounding security on the Internet.

In 2001, France Telecom took part in the founding of the Liberty Alliance. This association groups 160 organisations that represent all the stakeholders in the new economy: Internet Service Providers, mobile and fixed telephone operators, financial organisations, software and hardware suppliers and consumer companies. Its main aim is to provide data security to Internet users. It raises resources to develop technical protocols allowing interoperability between heterogeneous systems. Its characteristic federated approach avoids the risk of data centralisation under the control of a single company. The solution that it is developing, presented as an alternative to the only other online identification service that currently exists, has the main goal of protecting privacy and the respect for the right to choose. The results of the Liberty Alliance's work now allow solutions to be marketed. In 2004 and 2005, for example, France Telecom began implementing these solutions, particularly in facilitating access to its Internet portals.

Take part in promoting the correct use of services

Although the company innovates to put solutions in the hands of customers, their use cannot be envisaged without some precautions: data confidentiality (see below), protection of content, restrictions on usage, etc.

It is thanks to service offers that are simple, accessible, secure and innovative that the company can encourage correct use of these services: tariffs freeing the user from duration and distance constraints, unlimited communications, a range of subscription plans for fixed, mobile and Internet access, the new universe of modern communication methods (chat, IM, SMS, MMS, e-mail, voice-mail, video-mail, etc.) and solutions enriched by images and the use of broadband.

The interoperability of networks and the convergence of services present the customer with guarantees of simplicity and comfort, completed by the attention that the company pays to respect for privacy. The single tariff allows the customer to plan their budget according to needs. In Holland,

for example, the “*all-in-one bundle*” offered by Orange facilitates different usage patterns: a single rate for all customers for all services, with the option to exceed the contracted period without penalty or to carry over remaining credits to following months.

It is also thanks to services for which the implementation includes monitoring tools and educational information appropriate for the fight against cybercrime (spam, abusive data collection, attacks against systems, etc) that the company participates in the promotion of correct usage.

For example, the flexible parental control tools developed by Wanadoo are available from the home page of its Internet site (www.wanadoo.com). In association with Bayard and the “Forum des droits sur Internet” [Internet Rights Forum], Wanadoo also offers access to around a hundred chat sites, catalogued according to age (under 18, 18 to 25, etc) with elementary educational information, such as: do not arrange to meet someone you don’t know, do not give out sensitive personal information, etc. Wanadoo has also organised various types of active protective action for customers in order to sanction or help sanction the authors of anything offensive.

As another example, customers with children just need to call customer service and Orange can restrict access to the content of certain sites or implement a system of moderation for the use of chat sites, blogs and instant messaging. This is mainly aimed at preventing illicit activity and protecting users from malicious outsiders.

Information campaigns about correct usage are also organised with the aim of improving quality of life.

Orange has implemented a campaign to raise awareness of the nuisance that can be caused by mobile telephone ringtones in public places, public transport, etc.

Mauritius Telecom, in a similar campaign, points out that turning off one’s telephone in cinemas avoids disturbing other people.

In France, in partnership with regional authorities, the company has implemented solutions allowing real-time broadcasting of information to citizens via channels chosen by the authorities. Warning messages can be sent (floods, pollution, major risks) as well as messages between municipal authorities and those that they administer (schools, day-nurseries, official services, etc).

Concerning road safety, France Telecom is engaged in an information campaign to remind people of certain rules when driving: customers are warned, for example, that it is forbidden to telephone while driving (warning notices in phone packaging, etc). For employees, an information service dedicated to road safety has been developed and training is given. They are encouraged to adopt driving habits that show more respect for the Highway Code and a more courteous attitude to other users.

In employment matters, France Telecom undertakes to defend and support: :

Principle 3

Freedom of association and recognition of the right to collective bargaining

Our vision

Our employees are the major players in our company. The telecoms sector must constantly meet new challenges: the rapid pace of technological development and a constantly changing, highly competitive environment. These challenges require appropriate employee management in accordance with our awareness of different cultural sensitivities that exist in the countries in which we are established. France Telecom is convinced that consultation is the key, both to performance and to implementing company policy in a coherent manner across the whole enterprise.

"Our employees are at the heart of the developments and changes within the company...."
(Company responsibility report, France Telecom, 2004)

Our commitments

Promote dialogue in the workplace by setting up appropriate structures

Dialogue between employees and their company is considered a contributory factor to the company's progress and performance and includes: a shared knowledge of the working environment, understanding and sharing of operational priorities, anticipation and resolution of conflicts and definition of mutually accepted rules.

It may be carried out with elected representatives of employees or union representatives, according to the legal context of the country. Overall, it implies a neutral attitude concerning the introduction of trade unions into company subsidiaries and, locally, a balanced attitude in compliance with local culture and legislation (in particular concerning acknowledgement of representative status and conditions for union recognition within the company). The development of employee / management dialogue within the company helps to reinforce the feeling of belonging to a company that is integrated, multinational and responsible.

The policy that underlies this dialogue allows specific consultation in circumstances adapted to local needs and responding to market demand:

- there are the legally-constituted workers councils numbering 67 in France (38 within France Telecom SA since the 18th January 2005) and outside France, 7 for Equant (Germany, Netherlands, Belgium, Italy, Spain, Norway, Austria), 2 for Wanadoo (QDQ and Uni2 in Spain), 2 for Orange (Belgium, Netherlands) and one for Sonatel (Senegal);
- “*Employee Forums*”, consultative bodies that are not legally obligatory and composed of representatives elected by their peers, numbering 2 within Wanadoo (Spain and the United Kingdom), 2 for Orange (United Kingdom and Switzerland) and 3 for Equant (United Kingdom, Ireland and Switzerland). Within Wanadoo UK and Equant in Ireland, these recently implemented forums are in a privileged position to strengthen confidence in the company, share market knowledge and promote understanding of chosen strategies. These forums are a tool to provide support in carrying out changes and for anticipating and resolving conflicts. Subjects such as health and safety at work, major reorganisations and employability have been presented and discussed constructively between Employee Forum members and management representatives;
- a committee representing the company in France was created on the 17th January 2005, following an agreement between all of the trade unions;
- the FT European Committee was put in place on the 14th April 2004, following signature of an agreement with all the trade unions, as well as with all 15 appointed representatives of the company’s European subsidiaries. It represents the 180,000 salaried employees of France Telecom within the European Union. It meets periodically or exceptionally via conference calls. It constitutes a means of information and dialogue on a certain number of questions: general policy, financial results, social policy and reorganisations concerning more than two countries. It is composed of members of the company’s management and employee representatives from European countries. 17 countries are now represented on the committee, via 30 employee representatives: Sweden, Norway, Finland, Denmark, Germany, Austria, Great Britain, Ireland, France, Spain, Portugal, Italy, Greece, Poland, Luxembourg, the Netherlands and Belgium. This level of employee / management dialogue is not meant to replace that at the national level, but aims to develop international consultation. By putting this committee in place, France Telecom affirms its willingness to give a European dimension to dialogue between management and employees. In Poland, for example, within TP, 4 representatives sit on the FT European Committee. They were able, during the first meeting that they attended (from 28th to 30th June 2004), to benefit from financial training and attended presentations of the strategic plan for the future and of the policy concerning employment. During a tele-conference (October 2004) that brought together all the European elected representatives, details were given of the projects to transform Equant, together with its future prospects until 2006. Their participation in the committee is also a means of sharing the initiatives brought by TP’s management and local union representatives, as well as allowing them to have a regular insight into the results actually obtained and those that are

sought after. On a monthly basis, TP is able, together with the unions involved throughout Poland, to keep its finger on the pulse of dialogue between employees and management.

- Finally, meetings are held twice a year with the world alliance of France Telecom's unions. This alliance was created within the framework of the UNI (Union Network International) and allows views to be exchanged on cross-company issues, dealing in particular with policy concerning respect for the fundamental rights of people and with dialogue between management and employees.

Identify consensus and allow adaptations to local needs

Policy on employee / management dialogue has for several years been based on the search for consensus. In particular, it has resulted in the signature of various agreements: in 2004, for example, within France Telecom SA, 383 local agreements were made concerning the organisation of elections for representatives to the "Institutions Représentatives du Personnel" [Institutions Representing Personnel], which in 2005, represented more than 139,000 employees.

In 2004, agreements were signed in France and European subsidiaries, mainly on the subjects of:

- remuneration (25 agreements concluded, in particular: 11 agreements on salaries in France and 2 concerning a system of commissions: for the sales force on the ground working for QDQ in Spain and for the sales staff at EGT in France);
- dialogue between employees and management (15 agreements signed at the division level: 7 relative to IRP, 5 to union law and one agreement concerning the creation of the FT European Committee);
- social protection (a new collective bargaining agreement for the Pages Jaunes [Yellow Pages] company, a complementary pension scheme and extended social protection for Orange Cameroon, 1 agreement on training signed with Mobistar in Belgium, 2 agreements concerning health and safety for Wanadoo Netherlands);
- measures negotiated to help employees adapt to an internal transfer within France Telecom (a particular example is the agreement concluded concerning the consolidation of Wanadoo into France telecom and involving 800 employees in 2004).

Based also on the search for solutions adapted to specific cultural circumstances, the policy on dialogue between employees and management is rounded off by the implementation of managerial structures that are tailored to particular requirements.

Thus, in Senegal, Sonatel's staff form associations: ACSON (*Association des Cadres de la SONatel [Sonatel managers Association]*) and AFSON (*Association des Femmes de la SONatel [Sonatel Female Employees Association]*). Other groups are also run through Sonatel's Sporting and Cultural Association – SCA Sonatel.

In Ivory Coast, ACCITEL, the "Association des Cadres de Côte d'Ivoire Télécom" [Ivory Coast Telecom Managers Association], that was put in place in 1996, is one of Ivory Coast Telecom's professional organisations. ACCITEL plays its part in the development of the company and has therefore taken a stance on those subjects of interest to members. With the aim of stimulating dialogue between management and its members, it arranges meetings known as Friday Information Meetings.

Lifelong learning for continuous professional development

As a major element in relations between the company and its employees, training is present at all levels within the company.

Making the best use of available skills underlies the company's strategic orientation and helps to create a common culture. It is a prime consideration in relation to internal transfers and reflects the company's ambitions. Training programmes are an essential key to business development and have a direct effect on both collective and individual performance. Both now and in the future, they are essential for the success of the company's large projects; they impact development and innovation and affect the deployment of new services. Their implementation must take into account the great diversity of circumstances and situations found in the countries where the company operates and requires a strong commitment from employees.

ACT, a specific Human Resources component of the NExT (New Experience of Telecoms) programme, starting in 2005, gives each employee the opportunity to construct their own professional development plan. The company is committed to offering a real professional career path with the creation of study courses and links between different specialisations. To achieve this goal, investment in training will increase by 25% between now and 2008. In addition to this, the Human Resources department will be providing new services: personal development contracts, an area set aside for personal training, possible adaptation of remuneration policy, a package to aid mobility both within France and abroad, a management school, etc.

In France and in certain subsidiaries, "Espaces mobilité" [professional development areas] are already in place. Human resources managers and career advisors form a network for which the essential aim is to reconcile the skills of employees with the needs of the company. The managers are responsible for developing the skills of employees who are placed under their responsibility and the employees are the key players in their own professional development plans. Managers may suggest certain career paths and, in the case of a change of job, the employee concerned can benefit from a professional qualification course to bring him or her to the skill level required for

the new post. Access is facilitated, in particular via financial support, to VAE ("Validation des Acquis de l'Expérience" [validation of professionally-acquired experience]) to allow the employee to obtain a diploma or professional title.

Over 50% of the employees of France Telecom SA have changed jobs over the last five years. Professional mobility is mainly in the direction of customer relationship jobs and those involving work with networks.

In Poland, where an internal mobility programme led to 22 "Career Mobility Areas" being put in place throughout the country, 521 employees changed jobs between September and December 2004. TP is also the first of the company's subsidiaries to implement the "Talent Sharing Programme", in cooperation with France Telecom. The aim is to increase employee mobility within the company, as well as to identify those having the best skill levels and to help them develop them even more by exchange of experience. The first ten participants set to work in France in 2004. In 2005, 30 employees from TP began to be transferred to France, while at the same time an equivalent number of French employees went to Poland to gain experience there. Other experience sharing exchanges and knowledge transfers occur between other subsidiaries.

Also, in November 2004, Orange in France won the Telecoms Social Development Trophy for *Orange Perspectives*. This trophy, awarded by the professional telecommunications union UNETEL-RST and the insurance institution MV4, rewards initiatives in the area of social innovation. *Orange Perspectives* is aimed at supporting those who are affected by reorganisations within the company and also helps those employees who wish to move voluntarily. Examples of the services provided by this programme include career assessment, aid for those planning to start businesses, advice for those wishing to go into the civil service and group workshops for improving job hunting techniques, etc. During 2004, 942 employees were helped by support services offered by *Orange Perspectives*. The majority found a new job after an average of 11 weeks. *Orange Perspectives* sets out to find concrete, practical ways to manage employees in a more considerate manner.

Provide information concerning developments in the workplace

In France, a framework agreement was concluded between the company's management and the unions (CFDT, CFE-CGC, CFTC and FO) concerning the implementation of an anticipatory means of managing the workforce. This style of management has to be planned in harmony with the needs expressed by operational structures.

This agreement provides clear, common rules on career mobility, deployment and reclassification, which apply to all employees of the company in France.

The unions are systematically consulted before any project involving changes and are informed well in advance of the company's development plans.

They are therefore able to analyse developments and can, if necessary, make proposals before the restructuring is actually ratified.

Each Executive Director regularly meets the unions to explain workplace policies to those in their division.

Principle 4

The elimination of all forms of forced labour

Our vision

This principle applies throughout the company and its subsidiaries. No specific checking measures are called for. Every employee will possess a freely agreed employment contract, signed to indicate agreement, which can be terminated according to the legal rules in force in the country where the agreement is made.

The social effects of our supply chain are surveyed using an evaluation grid that we submit to our suppliers and sub-contractors. In our relations with our suppliers, we must strengthen our vigilance to be able to have the most comprehensive guarantees on this subject.

"We must be vigilant towards our suppliers and sub-contractors. In matters of partnership, we need to look for the best guarantees concerning respect for the rule of law and human dignity"

(Company responsibility report, France Telecom, 2004)

Our commitments

Engage with our suppliers

After having updated its contractual clauses at the beginning of 2004, in particular by integrating an article "*Ethics and Environment*" into all the company's contracts, France Telecom has followed a "responsible" purchasing policy via the distribution of a "sustainable development" questionnaire.

This approach goes beyond a simple contractual obligation. The questionnaire sent to suppliers at the company level concerns their priorities and actions and also their projects of an environmental or social nature, or those aimed at improving quality. Analysis of their replies is integrated into the QREDIC® index of supplier performance and is taken into account during subsequent relations with them. 377 suppliers were asked to complete this enquiry in 2004.

The company ensures, before signing any contract and during the period when the contract is in force, that suppliers respect the regulations in force (transport, insurance, skills requirements, etc), that all sites concerned are in compliance with current legislation, that sub-contracting is controlled and that all elements of the processing chain are identified and accepted.

Control of sub-contracting is a difficulty that France Telecom shares with its suppliers. In Senegal, for example, the company's Code of Ethics is submitted to suppliers so that its principles are taken into account within the context of the contract. In 2005, a computerised solution chosen by the company to aggregate data either qualitatively or by quantity, will allow our actions to be measured and directed in accordance with defined strategic intentions. It should allow progress to be evaluated and medium to long term targets to be proposed.

Principle 5

Take effective measures to abolish child labour

Our vision

We will act to guarantee that this principle is respected, so that our company does not indirectly and without our knowledge support the practice of child labour, in particular via our suppliers and sub-contractors (see Principle 4).

We also seek to offer disadvantaged sectors of society, particularly children, better access to knowledge by use of new communication tools. Support for schooling is a means of pushing back premature entry into working life and promoting greater social mobility.

"We have... a great responsibility to promote the dissemination of knowledge when we design and implement new communication tools..."
(Didier Lombard, June 2005)

The company's commitments

Promote access to knowledge

Access to information is essential in education matters. Faced with rapid developments in the information society, the availability of innovative communication solutions is a necessary factor for progress.

In 2004, in both France and abroad, the company implemented different initiatives as part of an overall strategy, in the context of an approach based on partnerships. Education of children is privileged as a means of preventing work being done by children, who are often taken out of school much too early.

Some examples:

- Concerning distance learning, the opening in 2004 of the "école supérieure d'informatique" [Higher Information Technology School] at Saint-André on the East coast of the island of Reunion is an example of the benefits of broadband for all. 84% of the population of the island have been able to receive broadband since the end of 2004, allowing pupils to take part in distance learning and to follow computer assisted training courses from a classroom equipped by France Telecom with the most modern means of communication.

- In Poland, TP has launched the programme "Education with Internet TP" as a continuation of the actions carried out following signature of the agreement that was concluded in 2002 for the development of the information society. In September 2004, more than 60% of schools able to benefit from ADSL were equipped with broadband access at a reduced price. 8,000 Polish schools expressed interest in participating in this programme and 6,000 of these were actually users by the end of 2004. During the whole school year covering 2004 and 2005, primary and secondary schools can use broadband Internet connections (more than 1 Mb/s) with TP's "Neostrada" service for the nominal sum of 1 Zloty. More than 1,500 ex-company computers have also been transferred to elementary schools in small towns and villages or to specialist schools.
- In Jordan, a new impetus was given to the programme aiming to facilitate development of the Internet in schools at the Jordan Education Initiative conference (Dead Sea Forum) in May 2004. At this event, Jordan Telecom joined the Jordanian Education Minister's project to develop computer-assisted teaching of Arabic as the mother tongue. JT is also involved in a project for mothers and their children: a prevention programme, based on presentations and lectures, to raise awareness of children's rights and, in particular, to combat ill-treatment.
- In Senegal, Sonatel has implemented a partnership with the Education Ministry to bring Internet access to secondary schools and universities and to promote the education of girls from disadvantaged areas (see Principle 1).

The fight against illiteracy

To combat illiteracy, in France, the United Kingdom, Slovakia, Romania and Ivory Coast, many company sponsorship schemes have been put in place. So, in Great Britain, the project "Chatterbooks" was developed, to spark interest in reading in 4 to 12 year olds. "Chatterbooks" is a network of reading groups that functions within British public libraries. Orange has helped libraries by donating materials (games, reading schedules, book reviews, etc). The reading groups that have been put in place have met with great success among children living near libraries for which attendance has historically been low. Quite apart from the fight against illiteracy, the friendships that form at *Chatterbooks* meetings present an alternative to social isolation for the targeted section of society.

Principle 6

Elimination of all forms of discrimination

Our vision

Our ambition is to offer our customers reliable solutions and to respond to the needs and expectations that they express. We can, via our skills management, our economic development, our contractual relationships, our actions in favour of environmental protection and our initiatives of a social character, contribute to erasing certain forms of discrimination that are found in the countries where we are established.

“If I had to sum up our mission, I would say that we have to take into account the issues of non-discrimination and diversity within the company. It is one of the key elements allowing us to offer services that are simple, accessible, highly efficient and secure, to the maximum number of people”

(Company responsibility report, France Telecom, 2004)

Company initiatives

Promote diversity within the company

Promotion of diversity within France Telecom and its subsidiaries happens via the furtherance of two main priorities:

- conformity of practices with the company's Code of Ethics, with particular vigilance concerning respect for the non-discrimination principle in all the countries where the company is established;
- favouring of diversity within teams in order to develop innovation and creativity, to allow better understanding of the needs of customers who are themselves diverse and to accelerate adoption of changes.

Management of diversity is done in such a way as to take into account the activities of the company's various subsidiaries and the cultural environments in which they operate. Some examples:

Equant has implemented a “Global Employment Opportunity Policy”, which was reviewed in different parts of the world to ensure compatibility with different cultural environments;

- Sonatel has adopted a recruitment procedure and fills vacant positions through competition, using the “*Career Committees*”, presided over by the company's general manager. Recruitment procedures and professional

development are egalitarian and based on the intrinsic abilities of each individual. Regular meetings are organised to help new arrivals integrate and, among other things, ensure that they are kept well informed.

- Orange UK, for its call centres in India, ensures that its local partners respect the regulations and ethical principles established in Great Britain. Audits are carried out on essential data: personnel recruitment, benefits for employees, salary scales, health and the working environment, safety (including during travel for night workers), personnel representation, ethical principles, management, linguistic training, worker satisfaction surveys, employee mobility surveys, customer complaints and work processes. The aims when developing these services are based on the search for best practices concerning respect for workers' rights. In 2005, Orange, after much experience in foreign countries, plans to develop guides to good conduct in all its markets.
- TPSA, in Poland, aims to offer both men and women the same opportunities within the company. Fair policies on recruitment and internal promotion of employees are implemented. These policies are also aimed at disabled or foreign employees.
- Within France Telecom, professional equality between men and women is an objective stated in the collective agreement dated 28th April 2004. This agreement sets out to promote not only equality of treatment but also a balanced mix of sexes in the workplace. In terms of recruitment and access to employment, human resources managers are committed, for example, to achieving a balance between men and women when considering applications for positions of responsibility. To promote professional equality, the agreement provides for various measures concerning recruitment and training. The selection process is based upon ability, qualifications and experience. The ratio between men and women, in those areas where women have little representation, is monitored and the results are communicated to raise awareness among recruiters. There are measures concerning work organisation (encouraging use of communication tools such as conference calls, video-conferences, e-learning, etc) and career evolution, particularly regarding maternity leave, so that mothers are not penalised in terms of remuneration and promotion; there are also measures to alleviate constraints on mobility caused by promotion.
- France Telecom's Networks, Operators & Information Systems Division has implemented reception procedures for young employees, who are supported by a senior expert. To promote mixing of cultures, this same division encourages France Telecom's employees to carry out assignments lasting several weeks within foreign subsidiaries.
- During Sustainable Development Week, in June 2005, "diversity" was the main theme of the events that the R & D Division organised for the attention of its 4,200 employees and researchers. To this end, 175 events were organised around 65 subjects on the 4 themes chosen in 2005 for "diversity": integration of the sexes in the workplace, multiculturalism, inter-

generational mixing and ethnic minorities. These events were internal to the R & D Division, but were open to all of the company's staff.

- One of the fundamental principles underlying dialogue between the company's management and staff is that union or elected employee representatives must have a guarantee of non-discrimination and treatment similar to that of their colleagues concerning remuneration, training and career prospects and also the means of carrying out their responsibilities (free time, means of communication, etc). For their part, the unions undertake to encourage a mix of sexes among their personnel representatives.
- Within the framework of the "Institut des Métiers du Groupe" [Institute of Company Trades], a report is prepared concerning situations of internal exclusion within the company. Any development of an organisation necessarily causes changes that are often experienced by employees as periods of crisis. It is a matter of identifying all the human challenges, such as people subject to internal exclusion, financial and social costs for the company, consequences for employees in situations of exclusion and any impact on their health and on their families. Then, these challenges can be taken into account so that perceived crises can turn out to be opportunities for growth, both individual and collective. In September 2005, France Telecom published an educational document on the subject and in October of the same year, prepared the organisation of an inter-company conference on this theme.

Promote and recognise ability and skills

Included within an overall management strategy and helping to meet strategic objectives, skills validation and recognition of qualifications are means of supporting the viability of the company's developments. They also constitute a means of fighting against certain forms of discrimination.

Within the company, managers are encouraged to anticipate their skills needs and to evaluate training and development activities in consultation with their employees, particularly during annual interviews. Managers and employees receive the support of the Human Resources department, who cultivate awareness of potential within the jobs pool, and also of the Training department, which provides a single point of contact for requests for training.

France Telecom has implemented a "Trades / Skills" repository that defines the main functional areas of the company and the types of jobs that are attached to them (the Technical Networks domain, for example, comprising different job groupings: Research / Design, Construction / Production, Supervision / Maintenance, Network Intervention, Customers Intervention). Several training programmes are developed in parallel. They are defined, designed or updated according to skills priorities that the company regularly defines. They usually include some kind of validation of the relevant skills, which is a clear necessity in a context where each employee is expected to be

ever more versatile. The means of training are based on innovative technologies and methods and take many different forms: classroom, self-study or virtual classes. It is not uncommon to combine several different teaching methods to offer employees effective solutions in response to their needs.

Schools aimed at teaching specific jobs (distribution, sales, information technology, networks, human resources, etc) are aimed either at people faced with significant developments in their professional activities, or at people interested in the strategic professional skills required by the telecommunications sector. Although the majority of these schools are aimed at internal personnel, other professional development schools are aimed at company partners, in particular ex-employees who have decided to set up their own businesses within the Information and Communication Technologies sector. Via these training programmes, these new entrepreneurs acquire the necessary management skills, giving them the means to attain their objectives.

Support people who may require special consideration, either within or outside the company

To allow better integration of all employees, the human resources policy encourages consideration of the specific characteristics and needs of its staff. Some examples:

- Within France Telecom R & D, an active policy of international recruitment has been developed, in coherence with the international approach of the company as a whole. At the initiative of employees of foreign nationality and in partnership with human resources management and the management of FT R & D, a voluntary club was created to bring together people of various cultures who have either experienced or are experiencing the process of integration into French teams. This club was started in 2004 and is informal in style and substance. It aims to be a place of friendly social exchange, in order to facilitate the integration of people of foreign nationality recruited by France Telecom R & D and by the company as a whole. It allows the various cultural aspects of different countries to be shared as well as those experiences common to all (life in France, accommodation, tips and advice, etc). It helps the human resources department to take into account the experiences of foreigners working for FT R & D in the French metropolis, develops FT's international knowledge and enriches FT R & D with the contributions of multiculturalism and allows FT R & D to build a network of contacts with the aim of furthering international recruitment.
- In France, France Telecom has developed or supported different initiatives designed to help those employees suffering from disabilities. For example, within the organisation, there are specialist teams and means of assisting disabled workers to integrate into the work environment (identified correspondents, the "Handicap" mission, etc).

There is also an agreement signed with the unions to promote the employment and integration of disabled people. This agreement includes numerous sections relating to employees (recruitment, adaptation of workstations, training of young people, etc). It also makes provision for the inclusion of the protected sector in our purchasing policy. Additionally, it covers the studies carried out in the development of new services to improve disabled peoples' living and working conditions.

To support non-employees in difficulty or social isolation, France Telecom can play an important role by using its services to maintain social links. In 2004, the company developed solutions to allow dependant people to remain at home and to preserve their style of life. These can provide a means of alert and allow rapid intervention of emergency services after natural disasters (floods, storms, earthquakes, etc). It supported medical staff, both regularly and in emergencies (video-telephony, digital communication pens, "Mobile Urgence Médicale" [a system for the continuous transmission of medical data relating to a transported patient], etc). These links also promote access to all the other uses of the Internet, thanks to broadband, with a WIFI package being available in rural areas.

Offer services adapted for, or specific to, disabled people

France Telecom and its partners have developed a large number of communication solutions to help disabled people in their daily lives. All offers are presented in the catalogue "Special Needs Solutions" and, in France, in special shops having expert sales staff, as well as in dedicated "Espaces Arc-en-Ciel" [Rainbow Areas].

In 2004 and 2005, the *Directorate of the Mission for Disabled Customers of the Company*, together with its internal correspondents (Orange, FT, R & D, Home), oversaw some important work on adapting functionality to allow the creation of products and services that conform to France Telecom's policy in this area: to invent new ways of using services, with new ergonomic design, in order to make life easier for disabled people (such as the vocally-controlled telephone "Talks", or as another example, Ocawa - see below). Other products are also offered, such as the *Alcatel Temporis 46* telephone (with functionality specifically adapted to those with hearing deficiencies) or the *BB500*, the *Gigaset E 150*, or the *Versatis Max*, together with dedicated accessories (voice mailbox, visual call indicator, amplifier, etc).

At the end of 2004 and the beginning of 2005, Orange France brought out two specific offers, *Motamo* for the deaf and hard of hearing and the programme *Orange Dixit* for the blind and those with visual impairments.

Also, Ocawa is a tool that allows evaluation of web sites for their degree of accessibility to disabled people, by producing a report indicating the

modifications that need to be made. France Telecom R & D and the company *Urbilog* are behind the development of this service.

Train people in the use of information technology

Telecommunications services can be tremendous vehicles for progress. Both economic and social difficulties can act as limiting factors on their usage. Lack of education is also a contributing factor. France Telecom, its local partners and various international organisations promote training in information technology to encourage greater access to learning.

In Mali, for example, France Telecom has teamed up with the NGO "Planète Urgences" [Planet Urgency] for the creation of a community tele-centre. The centre in Mopti, the second largest town in the country, puts office tools at the disposal of the local population (fax, photocopiers, computers, etc) as well as Internet access. In 2003, a dozen employees of Wanadoo volunteered to go there to give training and carry out maintenance tasks for this project.

"Planète Urgences" took charge of logistics for this operation. France Telecom provided financial support. The employees devoted part of their holidays to this action to help others. These initiatives will continue in 2006 in the countries in which the company is present, putting voluntary workers into local structures.

In Jordan in 2005, JT, in partnership with local institutions, continues to offer training and to introduce people to telecommunications solutions across the whole kingdom, making use of a tent and a bus equipped with PCs and broadband Internet access.

Maintain links between children and parents in hospital

The company and its subsidiaries implement various solutions to preserve the links between hospitalised children and their families and friends.

Thus, in Poland, one of the main Polish daily newspapers, "Gazeta Wyborcza", as well as the Polish monthly "Dziecko" [Children], together with TPSA (Polish Telecommunications) has initiated a support programme for hospitalised children: "Hospital with a heart".

The purpose is to finance infrastructure (particularly public telephones) within around one hundred paediatric hospitals, to facilitate contact between sick children and their parents. TPSA has allocated a budget of around 233,000 € to this operation and conducts the "Telephone mummy" programme by making free telephone cards available to all the children hospitalised in the paediatric service.

In France, the project *Hostonautes* is deployed at 3 sites (Marseille, Toulouse and Garches), in partnership with the medical and educational sectors. It is a

broadband solution that allows sick children to maintain contact with their families and their schools using a system of video-conferencing and interactive content sharing with teachers and also allows creation of web sites, etc.

In 2004, two new services were added to *Hostonautes*:

- Wanadoo Visio: children can dialogue with their friends and family using video and directly via the Internet. Thanks to the *eConf* software developed by France Telecom R & D, Wanadoo Visio allows multimedia files to be sent and commented on in real time. The Internet connection can be of the WiFi type, it may be based on sharing an Internet connection or be established via a local network managed by a secure server.
- Educavisio: thanks to Educavisio, children can participate interactively in courses given at a distance from one of their school's classrooms. Cooperative work being an important part of the educational experience, Educavisio also allows several people to work together in real time at an easy to use web interface.

Principle 7

Adopt a precautionary attitude in environmental matters

Our vision

The telecommunications sector does not constitute a major source of threats to the natural environment. We must, however, seek to behave in an exemplary manner in the reduction of our impact on the environment. We have an interest in playing this role, all the more so as the solutions that we offer to our customers allow them to reduce their own environmental impact and have great potential to support sustainable development.

"France Telecom has chosen to adopt a global framework for environmental management, for regular analysis of the effects of its actions, to give warning of those that may be negative and to measure the performance of its environmental preservation programme"

(Company responsibility report, France Telecom, 2004)

Our commitments

Develop management methodologies

The production of telecommunications services is based on diverse technologies, organised in networks. They are closely interconnected and make use of common infrastructures. Each of our activities has a specific impact on the environment, whether it is our core business or the more peripheral activities of administration or technical support (and, in particular, the logistics process). The map of our environmental impacts is regularly updated, taking into account technological developments, which allows action plans to be adjusted and specifically managed programmes to be designed.

Like numerous other large companies, France Telecom has chosen to adopt an Environmental Management System (EMS) for the whole company, with the aim of closely controlling the impact of its daily activities. Subsidiaries such as Orange France, Mobinil, France Telecom Marine, etc, as well as Equant, have already deployed their EMS and are wholly or partially ISO 14001 certified.

In July 2004, the adoption of this EMS was validated by the executive committee as one of the main priorities relating to the company's policy of corporate responsibility. In September of the same year, an action plan concerning the whole company was defined. Over the next two years, the

EMS should be deployed within the majority of departments and subsidiaries. It is mainly based on a series of guidelines describing methodologies that were validated during pilot schemes and which take into account local specifics. These pilot schemes are being conducted by 6 regional departments of France Telecom, covering all the types of operational units found in their geographical locations. They are mainly aimed at providing early warning of risks, particularly those caused by certain installations, such as ventilation or cooling towers, fuel oil tanks, electrical or electronic waste, telegraph poles treated with dangerous substances, etc.

Environmental Management ensures, among other things, compliance with regulations and can anticipate the introduction of new laws. A quarterly report takes stock of environmental impacts, end-of-life product management and the control of energy use.

End-of-life product management

For several years, France Telecom has made considerable efforts to consolidate implementation of its end-of-life product management chain, in order to improve traceability. Particular efforts have been made concerning cables, telegraph poles, batteries, electronic waste and PCBs.

Ecological design initiatives have been started with several materials manufacturers.

Downstream, the company is working to improve transparency in the process of dismantling and making best use of waste materials, particularly for those materials for which it is responsible for disposal.

To anticipate end-of-life processing of products, France Telecom bears in mind the management of this process in its purchasing policy. Because, for example, used scratch cards and their packaging are regularly disposed of in household waste, in 2004 France Telecom made sure that its suppliers designed them without toxic substances. For products of equivalent quality, a supplier having an established environmental policy is preferred.

In order to anticipate European rules, in 2004 France Telecom chose an automatic extinction system using inert gas, rather than gas based on chemicals, for the renewal of fire prevention systems in its technical buildings.

Recover and make best use of used electrical and electronic equipment

Orange has implemented a programme to collect and make best use of used mobile telephones, covering Orange's operations within the United Kingdom, Switzerland, the Netherlands, Belgium and Portugal. Sonatel recovers fixed terminals and reconditions them. In France, after different trials in sales outlets where customers were encouraged to bring used material for recycling, 122

tonnes of equipment has been processed. In 2005, a systematic process of collection and recycling of terminals brought in by customers is being put in place for all customers reception points. A controlled recycling process that makes best use of the recovered materials deals with one hundred percent of this equipment.

France Telecom is also strengthening the traceability of professionally used products that have been retired from use. These materials fall into several categories, from office and telecommunications equipment to various types of electrical equipment, such as lamps, fans or individual heating devices. Used materials are entrusted to companies specialised in reconditioning, dismantling and recycling.

Principle 8

Take initiatives to promote greater consideration of environmental matters

Our vision

Identification of the environmental impact of our activities, either positive or negative, allows objectives and concerns that take into account respect for and improvement of the natural environment to be integrated as we develop. Every day, to promote better consideration of the environment within our sphere of influence, we work alone or with local organisations for which the preservation of the style and quality of life is a priority.

"I am convinced that our environmental performance favours our economic performance as well as that of our customers"
(Didier Lombard, March 2005)

Our commitments

Preserve natural resources

Different programmes are deployed within the company and its subsidiaries to monitor consumption and particularly to limit the use of electricity.

Thus, for example, during the programme of network modernisation, it was decided to replace the old automatic exchanges by new-generation equipment that consumes less energy, which partly compensates for the increase in traffic due to the company's new services, such as ADSL.

Electricity is the main source of energy used and is linked to France Telecom's core business activity. In 2005, steps were taken to take more overall measurements of the consumption of all types of energy (electricity, gas, fuel for the company's fleet of vehicles and for those hired occasionally, domestic fuel, etc) and the CO2 emissions that result. These arrangements are complemented by efforts to raise awareness among staff concerning energy saving and the benefits that can result (for example, the contribution to national and international energy reduction efforts and the preservation of the ozone layer).

According to local contexts, specific initiatives are implemented to promote protection of the environment:

- Use of renewable and non-polluting energy is favoured. Sontal has, for example, fitted solar panels in certain places (situated in rural areas or dedicated to teaching).
In the United Kingdom, Orange has invested in renewable energy sources to reduce the environmental impact of its network. In 2002, Orange set up the first base station functioning entirely from solar and wind energy, without connection to the electricity supply system. A backup system is provided for in case of need, to ensure continuity of service. In buying energy produced from renewable sources, Orange has cut its indirect CO2 emissions by more than 50%, in spite of the rapid growth of its services.
- The preservation of water resources is encouraged. Thus, in Jordan, JT continues to participate in the programme for the protection of water resources in the Dana reserve (a zone with little economic potential), in partnership with the *Royal Society for the Conservation of Nature*, with initiatives for controlling the consumption of water and the treatment of used water.

Protect the style and quality of life

Preservation of the quality of life in the regions reinforces their attractiveness. In the context of shared interests with public authorities, economic and social organisations and, more generally, with wider civil society, the company plays its part in initiatives that, other than bringing social benefits, have a positive impact on the environment and its improvement.

France Telecom has developed different Company Transport Plans (CTP) in France. The CTPs are the result of an integrated and overall approach to all of the company's travel requirements. They operate within the framework of the Urban Travel Plans (UTP) that are applied in urban areas and which encourage citizens to establish travel plans that favour public transport and car sharing. They are the result of consultation with local people and allow a more overall consideration of people's travel requirements or of the possibility of telecommuting. They impact urban development and strengthen the convergence of interests within a community.

In 2004, in Toulouse, Saint-Étienne, Marseille, Grenoble, Orléans and Tours, CTPs were deployed, each specific to local requirements.

In the area of blending network infrastructure into the landscape, the company works to ensure that its equipment (aerials, telephone lines, supporting poles, etc) have the least visual impact on the environment.

For example, in France, the entire fixed network that provides inter-urban links both nationally and regionally is underground. Consultation with local authorities is under way concerning work to hide any evidence of the network on sites of special cultural or scientific interest. In 2005, France Telecom, the Association of the Mayors of France (AMF) and the "Fédération Nationale des Collectivités Concédantes et Régies" [National Federation of State-Controlled

Contracting Authorities] signed an agreement on the coordinated burial of networks for electricity distribution and electronic communications.

Concerning the deployment of the mobile telephone network, the company is vigilant regarding the visual impact of the installations, which is of prime concern to local people.

For example, in Poland, Centertel (or Orange) has implemented agreements with local institutions (municipal authorities, organisations for conserving historic monuments or managing religious buildings, etc) to allow base stations to be put in historic buildings. Several bodies of people are concerned about where this equipment is placed, in particular:

- tourists, who can use their mobile telephones in an attractive area that is part of the national heritage;
- the organisations managing the buildings concerned (churches or other monuments) who derive an income dedicated to the upkeep of the buildings;
- those companies specialised in restoring ancient buildings, which are charged with the construction of these base stations.

Also, in Senegal, visual pollution is borne in mind and the installation of new infrastructure takes into account respect for the integrity of the countryside.

In France, Orange and the other mobile telephone operators have decided, together with local elected representatives, to define rules of cooperation and dialogue for new aerial installations or site modifications. Within the framework of the agreement concluded between AFOM ("Association Française des Opérateurs Mobiles" [Association of French Mobile Telephone Operators]) and the Association of the Mayors of France, a Guide to Good Practice was signed on the 28th April 2004. It is the result of initiatives to foster cooperation between the telecoms operators and local elected representatives and it formalises four demands: the harmonious deployment and correct functioning of mobile telephony, the provision of information by elected representatives and their administrations, the preservation of natural and urban landscapes and respect for the public health concerns of local people.

Improve the working environment

The company as a whole, via its policy concerning health and safety at work, and via its CHSCT (Comités d'Hygiène, de Sécurité et des Conditions de Travail [Health, Safety and Working Conditions Committees]) regularly consults with personnel representatives and is attentive to either individual or collective requests from employees.

In 2004, within France Telecom, the company took initiatives to raise awareness concerning lighting conditions at the workstation. Inappropriate lighting conditions can provoke visual fatigue (eye irritation, blurred vision, dryness and a stinging sensation in the eyes, headaches, etc), stiffness of the neck and pains around the shoulders (caused by a restrictive posture and having to make an effort to see properly) and falls or collisions when moving around (corridors, car parks, etc).

The company also implemented preventive measures that required the involvement of the employees and managers concerned, the company

medical officer, accident prevention specialists, the CHSCT and specialised technicians: new layout of workplaces, preference for the use of natural lighting, lighting appropriate for the job (particularly in relation to workstations), etc.

Equant carries out an inventory related to each site's working environment as part of the implementation of the company's health and safety policy. Bearing in mind the great differences between sites and the relocation of certain support functions, Equant, for example, in India (a thousand people on a new site at the start of 2006) or in Egypt (more than 800 people on a new site, also at the start of 2006) aims to ensure conformity with these countries' health and safety standards. An inventory of national, regional and local rules is prepared. Regular meetings are held with local stakeholders to involve them in the process. Risks need to be identified, action plans defined, the necessary investments must be planned, all the personnel need to be informed and health and safety correspondents must be trained, etc. To evaluate the implementation approach, an external audit is planned from time to time.

Principle 9

Encourage the development and diffusion of technologies that preserve the environment

Our vision

Our telecommunications solutions can be real enabling tools for sustainable development. They improve the competitiveness of companies and make life easier for consumers. They can also help with ecological concerns.

Our employees are the best ambassadors and promoters of information and communication technologies. Because of the cultural diversity that they represent and the expectations that they have, they are also in the best position to judge the pertinence of the company's responses in this area.

"Apart from bringing economic and social benefits, access to communication technologies is also a means of reducing environmental harm..."
(Company responsibility report, France Telecom, 2004)

Our commitments

Evaluate the economic, social and environmental impact of our projects

In 2003, the company adopted the principle that its R & D projects must conform to the criteria of sustainable development. As part of the continuous improvement of its products and services, France Telecom implements internal programmes and external research partnerships.

Other than satisfying customers expectations, the approach takes into account social factors and the reduction of any environmental harm, from the design stage right through the entire life cycle.

The method developed in 2004 to achieve these aims is currently under test within France Telecom R & D and will be extended in 2005 to other departments within the company.

Already in 2004, some major projects have been screened by this method. This was continued in 2005 and will be extended in 2006.

Adapt employee-training programmes

New communication technologies now help the collective effort to rise to the challenges of sustainable development. In this respect, training policy within France Telecom and its subsidiaries plays an interesting role. In fact, by favouring distance learning (self study or virtual classes), employees avoid having to take the car, the plane or any other means of transport. They participate in the reduction of CO2 emissions. Distance learning also helps to preserve a certain quality of life: journeys avoided are also a means of improving one's family and private life.

Offer telecommuting solutions to employees

After 25 years of experience in telecommuting, more than 10% of active personnel in 2004 are telecommuters. This distance working is founded on an employment contract based upon results achieved by the employee and not on time spent. Both managerial and non-managerial staff are concerned. Their situation may be either temporary or without predefined duration. It is the result of specific circumstances: disability, professional mobility of a spouse, etc. Other than a recognised improvement in economic efficiency for the company, there is a clear reduction in the automobile pollution that is caused by travel to work.

Encourage the use of online services

This dematerialisation is an opportunity to reduce the impact on the environment. It consists of replacing a material item (a paper file sent by post, for example) by a communications tool that is less resource hungry but provides the same service (a file sent by e-mail).

In 2004, the company as a whole made increased use of communications technologies, within the framework of a structured consultation with stakeholders, contributing to the reduction of certain aspects of its environmental impact.

New communication technologies offer an alternative to business travel (teleconferences, e-mail, distance teaching, e-services, cooperative tools, etc) with an immediate beneficial effect on fuel consumption and CO2 emissions and also in terms of comfort and more productive use of time.

The use of guidance and positioning systems, remote management of traffic signals and better access to breakdown and emergency services helps traffic to flow more freely, which improves the efficiency of road transport.

Different services linked to e-commerce have been developed, along the same lines as online administrative procedures, tele-maintenance or remote meter reading. Again, these avoid the need for travel.

Both France and the European Union have chosen to facilitate remote access to administrative services for all citizens. France Telecom supports the various public organisations to help them achieve this transformation: to inform people via the local authority or service's Internet portal, supply downloadable forms, allow web-based contact for administrative tasks (school registration, requests for accommodation or tickets for events, etc) or even to tender for services by digital means. These solutions improve the dissemination of information for all people, wherever they are. Gradually, most formalities will be able to be performed remotely, without having to travel, without any extra cost or waiting and in complete confidentiality.

In 2004, Wanadoo and Orange, thanks to online services, have greatly simplified their relations with customers. Subscriber information, billing, customer satisfaction surveys, etc, all provide greater convenience for those customers who use them. In May 2004, Wanadoo in Holland launched a web-based competition for the *Wanadoo Positive Generation Award*. With this award, Wanadoo aims to highlight the role of the Internet and the value that it can add. Relevant ideas are suggested to Internet users, who then vote for the one that they find the most interesting. The first award was made for the creation of a site dedicated to bedtime stories for children.

Help medical services to intervene more rapidly

France Telecom is the largest French provider of communications services to the health sector. Over the last few years, the health sector has seen profound technological changes, characterised by the development of a networked organisation, by remote consultation and by the ever-increasing exchange of information, particularly between doctors.

The company bases its initiatives on partnerships with all players in the health sector – independent medical practitioners, hospitals, medical imaging centres, medical laboratories, clinics, retirement homes, health insurance services, etc. – and aims to respond to their demands.

The transmission of medical information is an area in which France Telecom is heavily involved. Communications solutions bring great social and environmental benefits to the medical sector. In emerging countries (in Senegal, for example), new communications technologies using ADSL and also video-conferencing systems for remote surgical operations both support medical progress and assist local people.

In France, with the service Wanadoo Health, 80,000 health professionals (at the end of October 2004) have chosen France Telecom for the electronic transmission of treatment records.

The Oléane and Equant Virtual Private Networks for health, a real Intranet / Extranet for the medical sector, allows development of cooperation between health professionals in hospitals or the independent sector (Town / Hospital

network). It allows communication between different sites within the same establishment (inter-establishment networks) or the formation of a community of health professionals exchanging information on a particular pathology (cancer, diabetes, etc), or communicating with patients (care network). Other than tools for dialogue and exchange of information (e-mail, directories, newsgroups, Internet access), the Oléane VPN for Health offers more specific services: transmission of medical analysis results or providing information security based in particular on use of the “Carte Professionnelle de Santé” [Medical Professional Card]. The French SESAM Vitale consortium has chosen the IP VPN (Internet Protocol Virtual Private Network) to ensure implementation and use of the secure private network SESAM-Vitale, after it was given the concession to develop the Health and Social network (1st November 2004). It allows transmission of electronic treatment records to both obligatory and complementary health insurance organisations. It also allows complementary health insurance organisations to receive reimbursement requests directly.

Improvement of the treatment of emergency cases is also an area where France Telecom invests.

In 2004, the company's main innovation concerning the treatment of medical emergencies was based on the use of transmission techniques allowing time to be saved between initial diagnosis and the patient's arrival in hospital.

- The communicating digital pen is a device that allows emergency services to quickly write out a report describing the state of those injured and automatically transmit it to the hospital's accident and emergency service. The reception services are then able to prepare for the arrival of the injured and can organise their treatment more efficiently.
- The service “Mobile Urgence Médicale”, developed in partnership with Cardio Gap, is now marketed throughout France. It allows live transmission of the transported patient's medical data. Medical monitoring is carried out by the destination hospital. An extremely comprehensive report, transmitted continuously in real time from the ambulance, sends the patient's medical parameters (identity, medical history, details of trauma, state of pupils, blood pressure, oxygen saturation, electrocardiogram, etc) using data from sensors placed on the patient. Some parameters are also displayed in image form.

Principle 10

Fight against all forms of corruption

Our vision

France Telecom's sustainable development approach is based on a policy of responsibility that is coherent with the overall strategy of the company. The company's Code of Ethics, adopted from 2003, illustrates the policy that France Telecom has chosen to put in place.

This policy applies during the process of a subsidiary's integration into the company. It is based on rules of governance that should increase our performance and value creation over the long term, as well as on a strategy of innovation that should support our ambitions for "responsible growth".

It is the company's ethical commitments and the action programmes relating to them that form the basis of our fight against all forms of corruption.

"To be recognised as a responsible player, ensuring that business is conducted with integrity and in an exemplary manner and contributing, by one's professional activities, to the social development of civil society, it is necessary to have some points of reference that allow stakeholders' confidence to be kept and increased..."
(Didier Lombard, September 2005)

Our commitments

Make a commitment to our stakeholders

The values and principles stated in the company's Code of Ethics are derived from fundamental precepts, such as those of the Universal Declaration of Human Rights and those stated by the ILO (especially concerning the prohibition of child labour and forced labour) and the OECD (in particular, for fighting corruption) and from commitments that France Telecom has made, particularly in matters of sustainable development.

The company's Code of Ethics devotes a paragraph to financial ethics. The "Principles and Rules of Financial Ethics" are formalised in a specific document that complements the Code of Ethics.

The values and principles stated in the Code of Ethics guide the actions of the company and its subsidiaries and are a reference for everyone within the company, whatever their activity or responsibilities.

It is therefore incumbent on everyone, especially the managers of the company and its subsidiaries, to respect and promote these values and to conform to the principles expressed therein. Wilful transgression of these values and principles is contrary to the interests of the company and may result in disciplinary measures as defined by the internal regulations of the company employing the transgressor.

This Code is not a substitute for the laws and regulations applicable in the countries where France Telecom operates, within the European Union and internationally, or for existing agreements and undertakings. On the contrary, it aims to promote respect for them and to ensure that they are effectively and firmly applied.

France Telecom and its subsidiaries have a permanent ambition to offer the whole range of communications services, everywhere, whatever the mode of access, by making full use of the interconnectedness of different systems. As a worldwide communications operator, it aims to satisfy the present and future expectations of its customers and, more widely, all of its stakeholders, shareholders, employees, suppliers and partners, both private and public. Its quest for excellence and performance is based on innovation and the quality of both its technologies and its services.

The company places responsibility, integrity, openness to dialogue, sincerity, the sharing of knowledge, initiative and the spirit of partnership at the heart of its mode of governance.

Set a frame of reference for ethical matters

In 2004, the principles of behaviour and action enshrined in the Code of Ethics allowed France Telecom to structure its thoughts on defining a corporate responsibility policy for the company as a whole.

This Code has been adopted by the various subsidiaries of the company. From an analysis of their ethical risks, our subsidiaries can take better account of the specific expectations of stakeholders involved in areas that have particular economic, social and cultural characteristics. This analysis makes particular reference to managing the risk of corruption linked to the local context.

Thus, Equant has developed a "Code of ethical business conduct", based upon the Code of Ethics. It is also from this frame of reference that Orange has defined its ethical approach via eight principles of action on subjects such as: the conduct of business, supplier relations, management of environmental, health and safety challenges, promotion of behaviour by employees that is in the spirit of the company's Code of Ethics, etc. The subsidiary TP, following the same logic of relevance to its professional activities and stakeholders, has adapted its Code of Ethics, signed by each employee since May 2001, to the Code of Ethics of the company as a whole. An internal communication

campaign accompanied this development and a dedicated Intranet with discussion forum was put in place. Other subsidiaries, such as Mauritius Telecom, have adopted the company's Code of Ethics, also taking into account the specifics established by local governments, particularly those concerning corruption.

Make our principles and values known and recognised

An Ethics Committee composed of 4 members named by the President of the company met 4 times in 2004. It makes sure that the code is understood and applied. Each year, it prepares a report for the President of the Company and the President of the Remuneration, Selection and Organisation Committee. It draws on a network of correspondents in each subsidiary of the company.

At the end of 2004, the implementation of the alert process provided for by the Code of Ethics and the Sarbanes-Oxley act were validated by the audit committee in agreement with France Telecom's council of administration. The process has been operational since January 2005 and any employee with knowledge of offences or fraud is able to report this information. A procedure has been defined to ensure that these alerts are processed in an independent manner and to guarantee the protection of employees.

In 2005, the awareness raising and training actions undertaken in 2004 concerning the ethical risks that we face are being more generally applied within the company, so that at all levels and in all our dealings with stakeholders, we may improve the way we live up to our responsibilities.

- at the *Company University*, special modules on corporate responsibility are offered for the *Entrepreneurs*, the leading executives within France Telecom.
- during meetings of the board of management, all of the company's managers are periodically invited to identify and analyse their own ethical risks;
- all the professional training modules for all of the company's various entities include components to raise awareness of the commitments enshrined in the Code of Ethics and the rules of good governance. The question of corruption is addressed with particular care;
- via the *Purchasing University*, put in place in 2004, buyers are given training that is dedicated to respect for the principles of ethical actions and behaviour that must be observed in the context of partnership with suppliers. Each company-level agreement negotiated since 2004 with a supplier includes an *Ethics and Environment* clause as a reminder that: "...the supplier undertakes to comply, and to demand that its sub-contractors or anyone under its control complies, with all national, European and international rules concerning ethical standards and responsible behaviour, including but not limited to those concerning human rights, environmental protection, sustainable development and either active or passive corruption."
- lastly, before the end of 2005, the company's employees will be able to share educational information on company ethics and the risks of corruption via France Telecom's intranet and those of its subsidiaries.

In 2005, preventative initiatives have also been undertaken. They aim to strengthen the culture of good governance, the effectiveness of internal checks and the operational performance of the company. Change management programmes have been implemented. They are driven by an integrated approach dictated by the strategic aims of the Executive Committee. They have an impact at all levels of the company and concern all employees.

The committees reporting to the company's Executive Committee hold regular meetings. Thus, so far in 2005, the company's Investment Committee has met at least once a week. They play a predominant role in the monitoring process. In 2004, a Contracts Committee was set up to review legal disputes and important contracts. It meets from time to time, particularly during the process of yearly and half-yearly accounts closure. Additionally, in 2004, the Restructuring Committee organised its approach and has begun to nominate managers in priority areas (sales, networks, information systems, R & D) to implement skills optimisation programmes.

For more information on subsidiaries of the company that were mentioned in this document:

Cellplus (Maurice)	www.cellplus.mu
Ivory Coast Teleco	www.citelecom.ci
Equant	www.equant.com
France Télécom	www.francetelecom.com
France Télécom Marine	www.marine.francetelecom.fr
FT R&D	www.rd.francetelecom.fr
Ikatel (Mali)	www.ikatel.net/
Jordan Telecom (Jordanie)	www.jordantelecom.com.jo
Mauritius Telecom	www.mauritiustelecom.com
Mobinil (Égypte)	www.mobinil.com
Mobistar (Belgique)	www.mobistar.be
Orange	www.orange.com
Orange France	www.orange.fr
Orange Netherlands	www.orange.nl
Centertel (Poland)	www.idea.pl
Orange Romania	www.orange.ro
Orange United-Kingdom	www.orange.co.uk
Orange Slovakia	www.orange.sk
Orange Switzerland	www.orange.ch
French Yellow Pages	www.bienvenue.pagesjaunes.fr
QDQ (Spain)	www.qdq.com
Sonatel (Sénégal)	www.sonatel.sn
TP SA (Pologne)	www.tp.pl
Uni2	www.uni2.es
Wanadoo	www.wanadoo.com

For further information, particularly concerning the indicators that we have chosen to evaluate our approach, the performance actually achieved, or the objectives that we set ourselves concerning sustainable development, you may consult the corporate responsibility section of our Internet site

www.francetelecom.com

You can also ask questions or pass on your remarks at the following address

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