

2.3 CR CHALLENGES AND COMMITMENTS

CHALLENGES	2010 COMMITMENTS	TIME FRAME		2010 STATUS
ETHICS AND COMPLIANCE see page 19	Data privacy plan to be executed	2010	✓	The Alcatel-Lucent Data Privacy Plan, developed in 2009, was substantially implemented over the course of 2010.
	All employees complete the Ethics and Integrity Training Course.	2010	✓	At the end of 2010, 84% of employees had completed Ethics & Integrity Overview training. At the date of publication of the CR report, the company was at 93%.
REDUCE THE IMPACT OF OUR PRODUCTS ON THE ENVIRONMENT see page 45	Improve the functional energy efficiency of key products* by at least 20% by 2010 compared with 2008. *New or recently developed products on an upward curve of their life cycle.	2010	✓	Alcatel-Lucent met this objective for its key products - with many products significantly exceeding this target value.
	Include carbon footprint information in the eco-declaration for new product families, starting in 2010.	2010	✓	Alcatel-Lucent met this objective for its new product families introduced starting in 2010. The Group developed a unique and efficient process for providing this information in product eco-declarations, and is leading an industry effort (through iNEMI and WRI / WBCSD) to standardize the methodology.
	Expand product remanufacturing operations globally by an additional 20% compared with 2009 as an eco-alternative to disposal/recycling.	2010	✓	Alcatel-Lucent exceeded this objective. As of the end of 2010, we increased by an additional 21% the number of product families being remanufactured in our operations.
REDUCE OUR CARBON FOOTPRINT see page 55	Reach a 10% reduction in CO ₂ emissions from facilities compared with the 2007 CR-reported baseline by the end of 2010.	2010	✓	Exceeded - Alcatel-Lucent exceeded this objective by achieving a 15% reduction in total CO ₂ emissions one year earlier than projected.
	Reduce our absolute carbon footprint (CO ₂ equivalent) by 50%, of 2008 baseline, by 2020.	2020	▶	On target - as of the end of 2010, Alcatel-Lucent reduced the carbon footprint from its facilities by 15%, of 2007 baseline, and reduced the entire corporate carbon footprint from all operations (scope 1 and 2) by 8%, of 2008 baseline.
OUR PEOPLE see page 66	Continue tracking transformation progress with internal pulse checks .	2010	✓	In total, 46,761 employees representing all business-lines, regions, and central functions participated in 2010.
	Continue simplifying and standardizing HR processes by deploying MyHR Information System worldwide. Systems and tools support business needs and contribute to the achievement of organizational efficiency and effectiveness.	2011	▶	Continuing - Deployment in 18 new countries during 2010, for a total of 35.
	80% of our high-potentials changing position within 3 years.	2011	▶	Continuing - While the company has engaged a deep and global effort optimizing Alcatel-Lucent leadership profile and leadership pipeline management. By end 2010, 62.84% of high potentials have changed position within three years. ✓
	Triple the number of employees that complete professional certification, with impact on overall skill development and employability.	2011	▶	On target - In 2010 Alcatel-Lucent's People@ALU global training and certification framework has been successfully finalized and launched targeting most critical businesses and competences in the group. Global extension planned for 2011.
PHILANTHROPY ALCATEL-LUCENT FOUNDATION see page 78	Implement a way to measure the effectiveness of the funds the Foundation invests in each program it supports around the world.	2010	✓	Achieved - New Monitoring and Evaluating system designed and in place for any future programs.
	Further foster the spirit of employee volunteerism across the company.	On going	▶	Continuing - Under Foundation aegis, some 7,500 employees donated 46,000 hours of their time to contribute to more than 200 projects in 40 countries.
	Implement an efficient tool to track and measure volunteerism across the company.	2010	✓	Achieved - Enablon system in place and was operational for the 2010 International Days of Caring campaign as well as ongoing volunteer activities in 2010.
SUPPLY CHAIN see page 85	Ensure that the CR practices of all of our key* and preferred** suppliers are assessed for meeting expectations. *Key suppliers are defined as major and strategic suppliers for Alcatel-Lucent. **Preferred suppliers correspond to the preferred sources for a given purchasing family that should be considered first for all new developments.	2010	✓	Alcatel-Lucent is about to achieve its goal, set in 2008, of assessing all "key" and "preferred" suppliers by the end of 2010. In early 2011, 97% of key and preferred suppliers had been rated on CR.
	Build on the environmental pilot results to broaden the program to other internal use sectors and installation projects procurement.	2010	✓	The program has been broadened to other CR topics (social, health and safety, ethics) and objectives for 2011 have been defined.
	Establish a systematic improvement program with suppliers assessed below satisfactory ensuring that by the end of 2012, 80% of the active suppliers assessed on CR are satisfactory or above and action plans are in place for the remaining 20%.	2012	▶	Continuing - current figure is 53%.

✓: target reached

▶: in progress

CHALLENGES	COMMITMENTS FOR THE COMING YEARS	TIME FRAME
ETHICS AND COMPLIANCE see page 19	[NEW] Public reporting of statistics related to breaches of the Group's Code of conduct.	2011
	[NEW] Privacy and Data Protection program audited externally by PwC in 2009. The Group will be undertaking audits in 2011 to follow up on these recommendations.	2011
	[NEW] Include ethical behavior considerations in the 2011 performance management process.	2011
	[NEW] Target 100% participation in the employee review and acknowledgement of the Alcatel-Lucent Code of Conduct.	2011
	[NEW] Target 100% of People Managers for ethical leadership training.	2011
REDUCE THE IMPACT OF OUR PRODUCTS ON THE ENVIRONMENT see page 45	Improve the functional energy efficiency of key products* by at least 25% by 2012 compared with 2010 *New or recently developed products on an upward curve of their life cycle.	2012
	[NEW] Improve the functional energy efficiency of lightRadio by at least 75% by 2015 compared with 2008.	2015
	[NEW] Leverage our innovation to establish common methodology for measuring the carbon footprint of network telecommunications products over their life cycle, by 2012.	2012
	[NEW] Eliminate PVC in all products by 2015*. *Subject to the availability of technically, environmentally and economically sound alternatives.	2015
	[NEW] Achieve a 40% increase in the number of base stations deployed with alternative energy powering solutions (relative to 2010 baseline) by end of 2011.	2011
REDUCE OUR CARBON FOOTPRINT see page 55	Reduce our absolute carbon footprint (CO ₂ equivalent) by 50%, of 2008 baseline, by 2020.	2020
	[NEW] Reduce water consumption by 20%, of 2010 baseline, by the end of 2013.	2013
OUR PEOPLE see page 66	Continue simplifying and standardizing HR processes by deploying MyHR Information System worldwide. Systems and tools support business needs and contribute to the achievement of organizational efficiency and effectiveness.	2011
	Have 80% of our high-potentials change position over 3 years.	2011
	Triple the number of employees that complete professional certification, with impact on overall skill development and employability.	2011
	[NEW] Launch a 3 year workforce planning with development plans, human capital performance metrics.	2012
	[NEW] Increase internal mobility by 20% worldwide by end 2011.	2011
	[NEW] Launch a groupwide professional accreditation program over 3 years : single training and accreditation framework applying to all critical functions. Triple the certified People@ALU population from 2009 to 2011.	By end 2011
	[NEW] Launch SA 8000 certification in one of Alcatel-Lucent's major countries in 2011 for certification in 2012; extend to all large countries by 2014.	2011-2014
	[NEW] Grow local management tracks and mobility : +50% campus hirings by 2012.	By 2012
	[NEW] Increase representation of women in management positions to at least match the representation in group population by 2014; +20% women among corporate exec by 2012.	2012-2014
	[NEW] Extend existing equal pay agreements : engage discussions in Europe and Asia by end 2011 - By 2014 unexplained gender pay gap <5%.	2011-2014
	[NEW] Extend teleworking agreement in top 20 countries by 2012.	By 2012
	[NEW] Finalize discussions on Global committee for information and dialogue by end of 2011.	2011
	[NEW] Define top management Corporate Responsibility metrics.	2011
[NEW] Build a systematic, group-wide knowledge management system, interactive knowledge platforms. Rebalance training portfolio in order to promote greater employee mobility and career development opportunities across the company. Target 2011 : rebalance global/ local trainings from 40/60 today to 55/45.	2011-2013	
[NEW] Launch a group-wide sponsored GenY inclusion program by end 2011.	By end 2011	
PHILANTHROPY ALCATEL-LUCENT FOUNDATION see page 78	Further foster the spirit of employee volunteerism across the company.	On going
	[NEW] Focus our future grass roots programs by 1) training our employees on our social investments 2) open the RFP to local NGOs 3) insist on the impact the programs should provide on individuals.	2011
	[NEW] As of 2011, all new grass roots programs will be measured against a monitoring and evaluating system.	2011
SUPPLY CHAIN see page 85	Include specific Corporate Responsibility requirements in 70% of procurement sectors, for the purchase of own use services/products, by end 2011.	By end 2011
	Establish a systematic improvement program with suppliers assessed below satisfactory ensuring that by the end of 2012, 80% of the active suppliers assessed on CR are satisfactory or above and action plans are in place for the remaining 20%, with an intermediate target of 63% satisfactory by end 2011.	By end 2011 + end 2012

CHALLENGES

COMMITMENTS FOR THE COMING YEARS

TIME FRAME

GOVERNANCE see page 12	[NEW] Ensure the improvement of gender diversity in our Board of directors by 2012.	By 2012
	[NEW] Improve the level and quality of the information provided to the Board of directors by 2011.	By 2011
RISK AND CRISIS MANAGEMENT see page 17	[NEW] Have three regional ERM (Enterprise Risk Management) deliverables (risk maps), updated every 2 years.	By end 2011
	[NEW] Have an updated Group-level ERM deliverable (risk map).	By end 2011
	[NEW] Cover more than 80% of key risks with a follow-up of mitigating actions.	By end 2011
	[NEW] Organize an annual Audit & Finance Committee ERM review.	2011
	[NEW] Have more than 90% of all identified critical functions covered by our consolidated, enterprise-wide Business Continuity Management Program (mature BCM Program).	By the end of 2012
STAKEHOLDERS see page 28	[NEW] Sign an MoU with the African Medical and Research Foundation (AMREF) to educate health workers via mobile phones and other mobile devices.	end 2011
	[NEW] Sign an MoU with IGNOU University to support open and distance learning opportunities in rural and underserved areas across India.	end 2011
	[NEW] Via the Public Affairs team, promote digital plans in countries all around the globe, to support ICT benefits for all, with the establishment of an EU plan by mid July 2011.	end 2011
	[NEW] Via the Public Affairs team, promote with Public Authorities best in class CR policies, in particular Corporate Governance, to enhance legislation and voluntary initiatives We will aim to include a reference to best in class practices in the 2011 G8/G20 summit results.	end 2011
	[NEW] Via the World Economic Forum play a leadership role to establish a framework for corporate best practices on gender diversity.	By 2012
	[NEW] Via the World Economic Forum sponsor a Young Global Leaders initiative to promote digital economies in Europe.	By 2012
	[NEW] Via our Alcatel-Lucent Foundation, provide digital training to 13,500 children over the next three years until 2014.	2014
CUSTOMER RELATIONSHIP see page 33	[NEW] Reach 45% to 55% response (where 55% = Best-in-Class) for the Customer Relationship and Product surveys.	By end 2011
	[NEW] Establish a Business Partner survey in 2011, to improve our relationship and effectiveness with them, so that together we will better serve our customers.	By end 2011
INNOVATION MANAGEMENT see page 34	[NEW] Triple our joint research projects with universities on environmentally sustainable technologies in the next three years.	By 2014
	[NEW] Double the percentage of research projects dedicated directly to Green technology) i.e. innovations whose primary function and outcome is the reduction of energy and power consumption, etc. An example of such a project would be Active Antenna Arrays (also the Large Scale Antenna Array developed for GreenTouch™ that exploits existing technology - massive MIMO - for energy efficiency increase as opposed to capacity increase) Timeframe = 3 years.	By 2014
	[NEW] Double the percentage of research projects that have environmental sustainability as an indirect consequence (or one benefit of many). An example of such an innovation would be the light Radio cube. Timeframe = 3 years.	By 2014
	[NEW] The target composite total percentage of projects resulting in innovations that have either direct or indirect environmentally sustainable benefit is approximately 30% of the projects in the research pipeline over this timeframe.	By 2014