

2006 corporate responsibility report



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Global Compact principles

France Telecom signed up for the UNO's Global Compact in July 2000. The way in which we have integrated the Global Compact principles into our activities is presented on the pages listed below:

human rights		working conditions		the environment		transparency and anti-corruption	
principle 1: businesses should support and respect the protection of internationally proclaimed human rights	6-9, 32-37	principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	6-9, 33-34	principle 7: businesses should support a precautionary approach to environmental challenges	6-9, 48-51	principle 10: businesses should work against corruption in all its forms, including extortion and bribery	6-9
principle 2: make sure that they are not complicit in human rights abuses	6-9, 28	principle 4: the elimination of all forms of forced and compulsory labor	6-9, 32-34	principle 8: undertake initiatives to promote greater environmental responsibility	51		
		principle 5: the effective abolition of child labor	6-9, 38-39	principle 9: encourage the development and diffusion of environmentally-friendly technologies	17, 22, 56		
		principle 6: the elimination of discrimination in respect of employment and occupation	6-9, 38-39				

une croissance responsable

responsible growth

un crecimiento responsable

wzrost odpowiedzialny

een verantwoorde groei

dezvoltare responsabilă

zodpovedný rast

verantwortungsbewusstes

Wachstum

النمو مع المسؤولية

um crescimento responsável

负责的增长

2006, an Orange year

Serving close to 160 million customers around the world, the France Telecom Group is one of the leading telecommunications operators. In 2006 the France Telecom Group announced its intention to align its activities and make Orange its single commercial brand for Internet, television, mobile and all other digital services for individuals, professionals and businesses. Since then, the Orange brand has continued to expand across the Group's main markets, and it now serves 100 million customers around the world. With a new organization, which is based on both close ties to our markets and a global vision of our activities – fixed-line, Internet, mobile and content –, the Group is now an integrated international operator. 2006 was also the year when the Group's strategic program proved its worth. Making France Telecom the benchmark service provider wherever it is present, making life easier for its customers and offering them a new experience in telecoms by combining innovation and quality, audacity and performance: the Group has achieved progress on all of its objectives.

message of Didier Lombard

chairman and chief executive officer



our business lies at the heart of sustainable development:

building ties between people, businesses and territories. By making the dematerialization of exchanges easier, we contribute to the protection of our environment and the environment of future generations.

we don't consider corporate responsibility just a duty – we consider it an opportunity

Apart from just compliance with established requirements we want to answer the needs of our external stakeholders and increase our competitiveness to better serve our clients. It also represents a great way of mobilizing our employees. They are the leading stakeholders in our approach, rallying around our commitment to sustainable development, which reflects our values while strengthening our Group culture.

in 2006, the Group confirmed its identity and took some major steps

The approaches historically developed by all the telecoms operators which today form the Group have mutually benefited from this. A Code of Ethics shared by all of the Group's countries, is guiding our values and behavior. Pooling our experiences reveals, looking beyond any specific local features, the same focus on corporate responsibility.

This spirit is notably reflected in the global agreement signed with Union Network International (UNI) in order to set up a common foundation for social practices wherever we are present.

2006 has also been a year in which we strengthened our actions to protect vulnerable groups.

Our corporate philanthropy policy has expressed itself notably in the fields of health care, disabilities and education. To protect our environment, we develop innovative solutions which optimize energy performances and continually enhance the traceability of waste treatment channels.

this report is also an occasion to present our priorities for the years to come

We will continue with our efforts to improve quality of service and innovation, especially with regard to health care and the development of eco-responsible products.

Allowing everyone, especially older or disabled customers, to fully benefit from our products and services also remains a key focus for the Group.

The France Telecom Group, together with all its employees and partners, is fully committed to sustainable development.

A handwritten signature in black ink, appearing to read 'Didier Lombard', written over a horizontal line.

our challenges

a search for balance

Sustainable development issues are incorporated into our strategy and policies as we change and develop, helping improve our overall performance. This is based on striking a fair balance between economic competitiveness, social progress and respect for the environment.

It also assumes an ability to manage often numerous contradictions between the various stakeholders involved. Our corporate responsibility strategy guides our commitments which, year after year, reflect our responsible growth policy.

managing risks effectively ►

preserving quality of life ►

innovating to serve society ►

mobilizing all skills ►

economic performance	
evaluate the overall performance of our suppliers in effectively managing environmental, social and ethical risks linked to our purchases	p. 27-28
guarantee network and information system security	p. 18
contribute to the economic development of territories	p. 24-26
promote as wide as possible access to information and communication technologies	p. 24
introduce technological innovations and practices as of the product design phase to make our offerings accessible to the elderly and disabled	p. 15
put technology to work for people by simplifying and adapting offerings to their various needs	p. 17
on a daily basis, develop the objectives to be achieved for responsible growth in line with the Group's values	p. 6
encourage cooperation with our economic partners and other public and private stakeholders to support sustainable development	p. 7; 9; 15; 27-28

Four key issues guide our performance improvement efforts, incorporating the three dimensions of sustainable development:

- managing risks effectively;
- safeguarding quality of life;
- innovating to serve society;
- mobilizing all skills.

social performance		environmental performance	
<p>evaluate the social and community impacts of our activities, products and services p. 15</p> <hr/> <p>monitor research on electromagnetic waves and contribute to advances by providing expertise p. 42-43</p>		<p>evaluate the environmental impacts of our activities, products and services p. 15; 61</p>	
<p>promote the correct use of products and services p. 40-41</p> <hr/> <p>deploy a corporate philanthropy policy making it possible to forge lasting ties in line with our core business p. 44-47</p>		<p>continuously improve our environmental performance levels p. 50-61</p> <hr/> <p>encourage the reclamation of end-of-life products and equipment p. 56-57</p>	
<p>develop solutions to help improve health and education practices and enable greater independence for dependent people p. 20-23</p> <hr/> <p>promote access to communication for the disabled or people with various impairments p. 21-22</p>		<p>offer products and services that help safeguard the environment through the dematerialization of exchanges p. 19-20</p> <hr/> <p>identify innovative solutions to optimize environmental performance levels in our facilities p. 53-55; 58-59</p>	
<p>maintain a constructive social dialogue p. 32-34</p> <hr/> <p>offer each employee motivating working conditions p. 34-36</p> <hr/> <p>develop individual and collective skills p. 34-36</p> <hr/> <p>promote and develop the diversity of teams p. 38-39</p> <hr/> <p>protect the health and safety of employees in their daily work p. 37</p> <hr/> <p>listen to the needs of our external stakeholders p. 9</p>		<p>raise awareness among our staff on respect for the environment in their daily activities p. 53</p> <hr/> <p>work with our suppliers to improve our products' environmental performance levels p. 27-28; 61</p>	

our commitments

“The France Telecom Group’s development is based on a series of values and principles guiding its actions and behavior, benefiting its customers, shareholders and employees as well as the communities and countries in which it operates and respecting the environment and the needs of future generations.”

Extract from the Code of Ethics.

ethical commitment shared by all

Our corporate responsibility is based on a number of ethical commitments adopted by the entire Group and supporting its strategy. These commitments, set out in our Code of Ethics, reflect our desire to do business with integrity and in an exemplary way, contributing to sustainable development through our activities, while respecting our stakeholders.

The Code of Ethics outlines the Group’s values as well as the principles on individual behavior which are, in line with fundamental principles such as the Universal Declaration of Human Rights, the International Labour Organization and OECD*. It also incorporates our external commitments, notably with regard to sustainable development.

Our Ethics Committee is made up of four members, appointed by the Chairman, and ensures that the Code’s principles are applied consistently throughout the Group, advising companies on their implementation. It produces an annual report for the Chairman of France Telecom and the Chairman of the Compensation, Selection and Organization Committee. A network of ethics correspondents contributes to the deployment of this ethical approach, factoring in the specific cultural and regulatory aspects in each country, as well as any specific ethical risks for each business.

Any employee, who would like to receive advice, confirm a decision or, as relevant, report a practice that they believe goes against the principles of the Code, may get in touch with their managers, human resources team, local legal adviser or their company’s ethical advisor.

In 2006, we continued rolling out our actions to raise awareness on ethics in line with the specific features of each country in which we are present. In this way, an e-learning self-assessment module has been set up to enable our employees to better understand how the principles of the Code of Ethics shape their behavior on a daily basis. This highly informative module, available in eight languages (French, English, Spanish, Polish, Dutch, German, Slovakian and Romanian), presents several scenarios involving dilemmas that employees could be faced with during their

careers. Our mobile subsidiaries’ ethical advisors have also been trained by the Institute of Business Ethics.

governance rules serving performance

We are compliant with the corporate governance principles for listed companies, reinforced recently by the financial security law in France and the Sarbanes-Oxley law in the United States. We are particularly vigilant with regard to the responsibility and integrity of our executives and directors, the independence of members of the Board of Directors, the transparency and disclosure of information, and respect for shareholders’ rights.

For further information on our governance structures, please refer to our annual report or Internet site: www.francetelecom.com.

dialogue with regulatory bodies

In a sector as regulated as telecommunications, the Group holds a systematic dialogue with the regulation bodies of each country, like Arcep* in France, CMT* in Spain, Ofcom* in the UK and Uke* in Poland. Furthermore, we endeavor to apply the rules established in Europe and in each country regarding offers, contractual relations and fair play with competitors.

key processes under control

To improve our efficiency and the quality of our products, we are gradually rolling out a global TTM or Time-to-Market methodology in all of our activities. Initially developed for the launch of new products and services, this method has been adapted for the development of infrastructures with the ITTM (Infrastructure Time-to-Market) process. Decisions for each milestone in the TTM process for product development are taken by ad hoc committees or Product Boards. In the same way, Infrastructure Boards are overseeing the development of infrastructures in line with the ITTM process.

In mid-2006, guided by market demands and our sales activities, a new governance model was developed for technical activities when the Group's fixed, mobile and Internet activities were merged. Each technical process is overseen by a high-level committee that is responsible for making main decisions at key stages.

information system (IS) and network governance

Since July 2006, a new governance model has been taking strategic issues into account, in particular on the convergence of products and services, and the new country-based organization.

The joint information system, network and service platform governance body, the Information Technology and Network Board has various strategic and operational missions:

- validating the Group's technical strategy and resolving any major issues, while formally approving new governance rules and validating key operational initiatives;
- reviewing the results for each country on a monthly basis, and evaluating information system and network performance, while also reviewing budgets and progress made on key projects each quarter.

internal control, a priority

In 2006, a Group directive outlining a general framework for crisis prevention and management and a directive on major Group crisis management were drawn up. These tools are

intended to help others respond more effectively in the event of a crisis. Each division is asked to adapt this general crisis framework at its level.

Each business unit draws up a map of its major risks (network, information system, human, financial, etc.). This process is part of a Group approach, led by the Audit, Internal Control and Risk Division.

Alongside this, a second mapping process covers the network and information system scope in the Group's main countries. The cross-business risks identified in this way are presented to the ITN Board (meeting of DNF* network and information system managers). If possible, the risks are then subject to an exchange of best practices or tackled jointly.

internationally affirmed convictions

Over the last few years, we have made external commitments confirming our desire to contribute to sustainable development. Indeed, we were one of the first businesses to sign up for the UN's Global Compact* in July 2000. We are also involved in a number of other international initiatives such as the GeSI*, MPPI* and even the Decade on Education for Sustainable Development (initiative launched by the UN in 2005).

key dates in our commitment to sustainable development

- 1996: ETNO* Environmental Charter signed
- 2000: signed up for the UN's Global Compact
- 2001: Orange Group corporate responsibility strategy drawn-up
- 2003: France Telecom Group Code of Ethics and corporate responsibility policy formalized
- 2004: ETNO* Sustainable Development Charter signed
- 2005: ethical program ramped up to cover the entire Group

our approach

improving the management of corporate responsibility

policy integrated into the company strategy

Our corporate responsibility policy ensures that responsible growth issues are taken into account by all of our employees, interacting closely with the external stakeholders concerned. This is reflected in the development of products and services that contribute to sustainable development and the implementation of a program to continuously improve our economic, social and environmental performance.

Fully integrated into our development strategy, our corporate responsibility objectives are also reflected in the Group's various policies addressing customer relations, human resources, health and safety, environment, corporate philanthropy, etc. and factored in key management processes, such as purchases, security, network deployment, strategic marketing and research and development.

a network-based organization

The implementation of our corporate responsibility strategy in our various businesses and countries is based on a network organization.

The corporate responsibility and sustainable development office oversees and coordinates the strategy on a daily basis, backed by a network of corporate responsibility and sustainable development correspondents in our various business units.

Lastly, a corporate responsibility and sustainable development steering committee takes stock of the strategy's deployment and defines priorities and actions.

dedicated management and steering tools

A management framework makes it possible to steer the corporate responsibility and sustainable development policy. Comprising qualitative and quantitative indicators, it reflects our key responsible growth issues and the priority areas for our corporate responsibility policy. Used to draw up our corporate responsibility and sustainable development roadmap, it is updated in light of any new risk emerging, our progress and changes in the needs of our stakeholders.

Several tools enable us to analyze the economic, social and environmental impacts of our activities, products and services:

- our Indicia reporting tool makes it possible to steer the corporate responsibility and sustainable development program, measuring changes in performance levels for our subsidiaries, countries and various functional units;
- the tool for assessing the economic, social and environmental impacts of our products and services makes it possible to incorporate sustainable development criteria as of the design phase in Research and Development projects, as well as in the Group's product launching method and services;
- QREDIC®, a tool for assessing the overall performance of suppliers, makes it possible to regularly analyze services and to consider any corrective actions or joint ongoing improvements needed (see page 27);
- environmental management systems are currently being rolled out in our main business units (see pages 50-52).

listening to external needs at all times

To ensure that our corporate responsibility and sustainable development approach is in line with society's expectations, our teams maintain a structured dialogue with our various external stakeholders: customers, shareholders, suppliers, local authorities, national and international public bodies, etc. These exchanges enable us to better understand our stakeholders' concerns and needs, and to report on progress that we have made.

The creation of partnerships with certain NGOs such as Unicef (pages 45-46), Samu Social International (page 46), TSF (page 18), PlaNet Finance and various local associations confirms our commitment to creating lasting cooperation with society and local communities.

Thanks to our involvement in dedicated corporate responsibility think tanks, such as CSR Europe, and sector-wide initiatives such as GeSI*, MPPI* and various ETNO* working groups, we are also able to compare our practices with those of other companies.

information for all within the Group

In-house country-specific awareness-building and exchanges enable each member of the Group to share their vision of key sustainable development issues and incorporate them into day-to-day practices. The corporate responsibility and to sustainable development intranet provides staff with access to the information and tools needed to understand the implementation of our approach.

The organization of in-house events further motivates our staff, while encouraging the development of innovative solutions. In this way, our Research and Development unit has incorporated sustainable development criteria into its annual innovation award. In 2006, the Path Discovered project made it possible to present R&D achievements promoting sustainable development. Our "Good ideas for the Environment" challenge rewarded three initiatives this year, while a Green Action awareness campaign was launched in France during Sustainable development week (see page 53). European Mobility Week also represented an opportunity to develop and promote the various initiatives being carried out with local stakeholders to encourage more responsible behavior each day (see page 53).

France Telecom partner for the Decade of education for sustainable development (DESD)

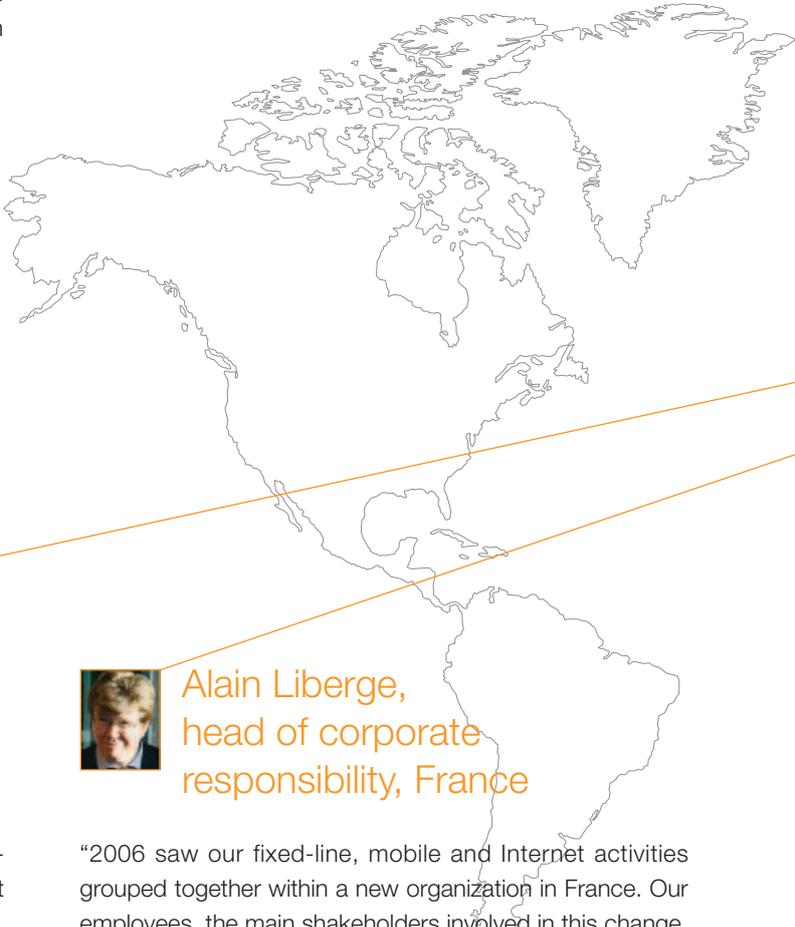
Access to information for all represents a major challenge for the current decade. In June 2006, in line with our DESD commitment, we took part in an international conference on "Progress and proposals on education for sustainable development", including 12 workshops focusing on various aspects of sustainable development education.

We explained how, through public-private partnerships born out of a convergence of interests, we were contributing to education on sustainable development.

our approach

managing local issues

Corporate responsibility represents a global approach, which we break down locally, in line with the specific impacts of our activities, aiming to meet the expectations of stakeholders more effectively in the countries where we operate. The various business units implement action plans tailored to their local issues, while factoring in the Group's priority corporate responsibility and sustainable development policies. Visibility over local initiatives makes it possible to identify innovative actions and encourage their reuse in other countries or regions.



Christele Delbe,
head of corporate
responsibility, UK

"In 2005, our Corporate Responsibility Committee identified several priority issues for 2006. The objectives set included the distribution of the Code of Ethics to all staff, the launch of a forum for action on disabled customers, the improvement of our social dialogue program and the implementation of a 'parental control' filter on all of our services. We met all of these objectives for 2006. We have also made significant progress in relation to the Group's responsibility objectives, notably setting up a management school and increasing our training effort by 60%."



Alain Liberge,
head of corporate
responsibility, France

"2006 saw our fixed-line, mobile and Internet activities grouped together within a new organization in France. Our employees, the main stakeholders involved in this change, are being mobilized to meet the need for convergence. Our main business challenges have been clearly identified and action plans have been drawn up in line with the Group's objectives. We are also setting up a new network of corporate responsibility correspondents. The deployment of an Environmental Management System is helping maintain this dynamic approach and continuous moving forward. In 2007, we aim to continue raising awareness on corporate responsibility in-house, while launching a survey for our stakeholders in order to better understand their needs."



Christophe Puaux,
head of corporate
responsibility EME*

“In 2006, the main initiatives of our subsidiaries have focused primarily on the community: protection of children, education, disabilities or local development. These initiatives are based on a company culture marked by the employees’ individual commitment for projects meeting the expectations of society. In 2007, apart from raising awareness for the values and principles set out in our Group Code of Ethics, we will continue initiatives promoting the integration of corporate responsibility in our processes, the use of various strategy and management tools available on a Group level, the sharing of best practices and innovative initiatives. Our objective is to implement this dynamic approach within all the divisions’ subsidiaries.”



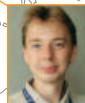
Sylvain Leroux,
head of corporate
responsibility AMEA*

“The key priorities for AMEA business units involve structuring dialogue with our stakeholders, innovating to serve society, and participating in local development. In 2007, in line with our corporate responsibility strategy, we will continue to optimize our quality of service for individuals and the community in general. It is essential to strengthen the management of our continuous improvement process. This notably requires training and awareness-raising for all of our staff, looking to ramp the environmental management system up to cover new countries such as Cameroon, the development of responsible communication and marketing to promote the correct use of our solutions, and carrying out actions to meet expectations in such fields as education, health and disability.”



Jesus Guijarro,
head of corporate
responsibility, Spain

“In Spain, 2006 focused on the merger of Amena and Wanadoo’s activities under the new Orange brand. For our 3,150 employees, this change has further strengthened a shared corporate culture. The values and principles for action set out in our Code of Ethics reflect our commitment to sustainable development. Our efforts have notably focused on customer satisfaction and promoting the correct use of our services. A certified environmental management system for our mobile activities is also supporting the continuous improvement of our performance levels. This is gradually being ramped up to include other activities. We are also supporting society in general through the Orange Foundation. Our main objective for 2007 is to gradually incorporate our continuous improvement program into all of our business processes.”



Jacek Dymowski,
head of corporate
responsibility, Poland

“Telekomunikacja Polska (TP), as a national telecoms operator, has an essential important responsibility in terms of building an information society. In 2002, TP launched the ‘Agreement to develop an Information Society’, which was signed by all of our competitors. For us, it is not enough to simply provide society with a high-speed network: investing in people is just as important as investing in infrastructures; it represents the only way to ensure sustainable development. That is why we have launched the ‘Education with TP’s Internet’ project, opening up Internet access to over 12,000 Polish schools, and the ‘Internet Republic’ project, supporting development in rural areas.”

our economic responsibility

France Telecom's ambition is to offer communication services to as many people as possible, making their day-to-day lives easier and contributing to the dynamic growth of businesses and local development. Focused on innovation and improving performance over the medium and long term, this ambition further strengthens our actions to promote responsible growth.

review of 2006

objectives set at end of 2005	deadline	status	details
quality of service			
creation of unique teams responsible for networks, service platforms and information system infrastructures: Domestic Network Factories (DNF) in France, the UK, Spain, Poland and the Netherlands	2006	✓	see page 7
management framework for Group commitments, reflecting the customer promise, validated by consumer associations	2006-2007	...	Project stopped in view of the reorganization
shareholder relations			
complete analysis of the control environment after the close of accounts for 2006	early 2007	✓	see page 29
shareholders' letter written with Inter@ction advisory circle members	2006	✓	see page 29
responsible purchases			
600 supplier contracts assessed using the QREDIC system and improvements made to the corporate responsibility and sustainable development questionnaire	2006	✓	see pages 27-28
development of a procurement risk map for each category of purchases and action plans	2006	✓	see pages 27-28
taking into account the RoHS* directive in framework agreements with suppliers	2006-2008	✓	see page 27

- ✓ objective met
- project underway
- ... objective not met

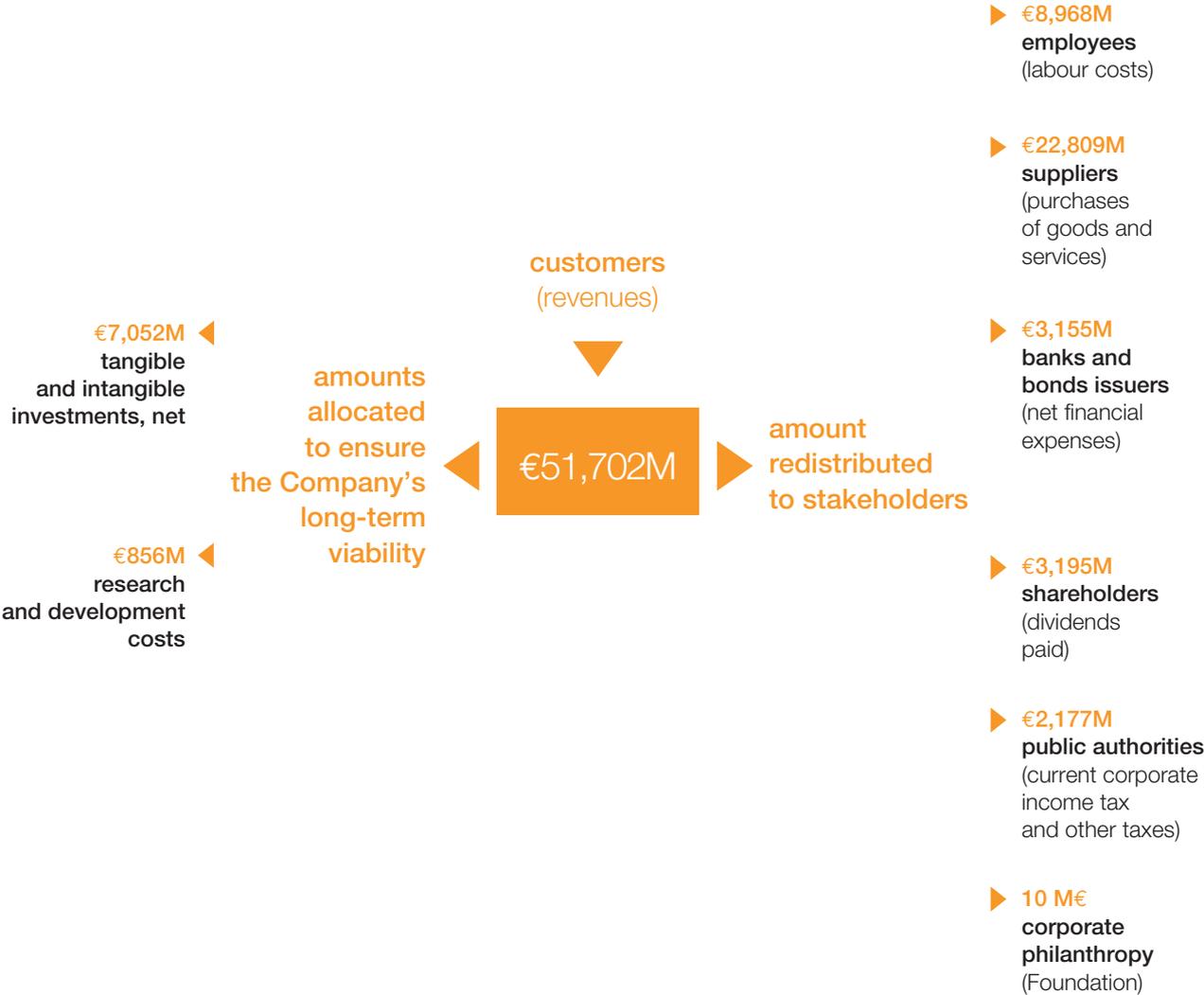
roadmap for 2007

objectives	deadline
quality of service	
improve customer satisfaction in our different markets and define target action plans for areas which need to be improved	2007
security	
deploy a security management system in line with international norms	2007
shareholders relations	
strengthen dialogue with the SRI (Social Responsible Investment) community through regular meetings	2007
responsible purchases	
structure our approach in the main countries where we operate to expand our corporate responsibility and sustainable development approach and deploy it on a significant number of local suppliers	2007-2008
adapt local contracts to effectively manage the risks inherent to each country's context and in line with local policies and strategies	2007-2008
follow up on action plans implemented further to the risk map drawn up for purchasing	2007-2008
solutions serving sustainable development	
in 2007, launch a new range of solutions for the remote management of chronic illnesses	2007
continue to adapt our offers and our distribution networks for disabled and elderly customers	2007-2010
network deployment	
strengthen the deployment of very-high-speed residential connections over fiber optic networks in France and Slovakia	2007-2008

creating value for all of our stakeholders

Achieving lasting economic growth calls for a long-term vision to be defined, looking beyond stock market performance. In addition to the legitimate expectations of our shareholders and regulatory obligations, linked to the fact that we are listed on the stock market, we have two

imperatives to consider: creating value for all of our stakeholders and building our business model in a responsible way in order to be able to respond to rapid changes within the highly competitive telecommunications industry.



innovating to last

The telecoms sector is changing rapidly. With technological breakthroughs, the heart of our business as an operator is changing each day. Within this context, innovation represents a key component for our responsible growth strategy.

multidisciplinary teams

Our Research and Development (R&D) department has 3,744 scientific engineers working check for matting here on 15 sites worldwide, and a portfolio of over 8,000 patents. The Group's R&D has an active policy for partnering with the best specialists on technologies, equipment and software as well as content. Many research contracts have been signed with public laboratories and top universities around the world. We are also developing partnerships with business clients and many start-ups, sometimes resulting from R&D efforts. Launched in early 2007, the label Orange Labs network groups together all of the units dedicated to innovation: 15 R&D laboratories in seven countries (France, China, Japan, South Korea, the United States, the UK and Poland) as well as the Product Factory and the Explocentre, the nerve centers for new products and services.

To find out more about our work on innovation, please refer to our annual report or website www.francetelecom.com.

innovative strategy serving sustainable development

Our R&D team plays an essential role supporting sustainable development, helping us to better serve our customers and society in general, by designing products that can be used

by all, and by developing risk prevention and warning systems, and lastly by developing solutions helping safeguard the environment, or working closely to improve health (see pages 20-22).

“responsible” products and services

Since 2004, we have developed a methodology to factor in the economic, social and environmental impacts of our products and services as of the design phase for our R&D projects.

Based on a scorecard for assessing the impact of our solutions, this approach began with efforts to raise awareness among R&D and marketing stakeholders. This cross-business initiative, involving various Group departments, is today focused on the integration of sustainable development requirements into project launch processes.

In 2006, Strategic Marketing, the “production workshop” for new Orange products, carried out an in-house evaluation and benchmarking with other telecoms operators and manufacturers. An action plan has been drawn up based on three essential priorities:

- **environmental:** minimize the impact of our products and services in terms of energy consumption, materials used and recyclability (see page 61);
- **social:** define the benefits of telecoms services, notably in terms of access to information for all (pages 24-25), health solutions (page 20), alternatives to transport (pages 19-20), and the protection of sensitive populations (page 40);
- **economic:** check that our products offer a real benefit for customers, that they are high-quality, secure and easy to use (pages 16-18).

This action plan showed that many efforts in this area had already paid off, including our solutions for disabled customers (page 21), the “Simplicity+” offer based on ergonomic services (page 17) and even our fight against child pornography on the internet (page 40).

meeting the expectations of our customers

quality of service, a priority

Trust, reliability and simplicity are the key words in our customer relations policy, which puts quality of service at the heart of our integrated operator strategy.

In line with the NExT program, our goal is to position ourselves as the benchmark operator for quality of service.

growing technical complexity

The rapid shift-over to IP networks has placed quality service at the forefront of our concerns. While they offer greater flexibility and better services than traditional networks, ensuring their reliability within this rapidly changing environment represents an ongoing effort. To achieve the same quality perceived by the customer on voice over an IP network therefore requires a greater effort.

residential customers

The quality of service perceived by the customer is regularly measured by internal and external surveys, leading to very complete analyses to identify where improvements can be made and implement appropriate responses. In addition to local surveys, the Customer Value Analysis (CVA) program is gradually being rolled out in each country. It makes it possible to present the voice of the consumer for residential activities in a consistent way across many countries, while identifying the priority actions to be taken. In this way, improving quality of service for multiplay offers represents a priority for 2007.

business customers

Specific programs for certain services such as Orange TV or VoIP* Enterprise have also been put in place to anticipate improvements and integrate the customer's viewpoint from end to end.

In order to meet the expectations of our key account clients more effectively, Orange Business Services has launched a new satisfaction program – Outstanding Customer Expectation (OCE) – focusing on three priorities:

- improving the quality of our solutions and services;

- developing our customer relations to provide them with an exemplary customer experience;
- standing out from our rivals.

Customer satisfaction can also be monitored very closely thanks to the Customer Loyalty Index.

continuing to roll out the “Lean management” programs

After France, Orange Business Services and our Polish subsidiary TP have also set up a “Lean management” program aimed at improving quality of service in customer intervention units.

In Poland, the program was ramped up over 2006 to cover all of the country's 21 regions. Each region was previously very independent, with specific management and technical tools. Thanks to rationalization efforts, the teams are now able to monitor their activities and performances using consistent tools, enabling comparisons to be made and best practices to be distributed. This has paved the way for a significant improvement in the quality of service provided by the teams involved in the project.

helping strengthen our customers' expertise

In order to accompany businesses as they discover and effectively manage our solutions, a certification program has been mapped out for customers wishing to confirm their employees' skills. In 2006, Orange Business Services launched two new certification programs for roaming and VoIP* under its “Expert partners” program.

benefits of an integrated offer

Our integrated operator strategy enables our customers to enjoy the benefits of a convergent offering, combining the best information and communication technologies.

While residential services are gradually going to be enhanced with convertible mobile services, we were the first operator in 2006 to offer integrated services across Europe, in line with the expectations of multi-contract clients that,

more than just a good price/quality ratio, are looking above all for simplicity and quality of service.

The Orange brand has gradually been extended to cover the Group's markets, embodying the integration of fixed, mobile and Internet services in the same customer promise. One dedicated brand that stands for even more customer service, simplicity, reliability and innovation.

Lastly, Unik, a new generation telephone offering fixed-mobile convergence, has been successfully launched. Available in France since the end of 2006, this service is currently being rolled out in the Group's other countries.

simplifying the use of new technologies: the Simplicity+ project

Simplicity is a key value for our brand. The Simplicity+ project, launched in October 2004, aims to guarantee simplicity throughout the entire customer experience (information, purchase, installation, utilization, after-sales service, transfer or cancellation) for both residential and business customers. As of 2007, 100% of the Group's major or convergent offers will be tested before launching. In France, two customer-testing centers (Rennes and Paris) are handling this task with customers in real situations.



interview with Guillaume Boudin, head of quality of service at France Telecom

“Customer satisfaction is a priority for us. Indeed, along with innovation, it represents one of the mainstays of our growth. To ensure this satisfaction, we need to set the standard for quality of service on the market. On the one hand in order to keep our customers loyal and develop new uses, on the other to maintain the trust-capital built up by the Orange brand.”

mobilizing our resources in emergency situations

France Telecom has made a strong commitment to continuity of service. In Mauritius, for example, we are the only operator whose licensing contract includes a universal service commitment.

Benchmarking mobile network performance in Europe

The “Data Services Benchmarking and Optimization” study, launched in 2005, aims to measure the quality of services such as SMS*, MMS*, WAP* on our networks in eight European countries.

Our performance levels are tested twice a year based on a series of measures in line with international telecommunications standards. The evaluation process benchmarks us against our competitors, analyses and interprets the findings, and makes recommendations on best practices. This information helps the countries to improve their customer experience, while guaranteeing the effective delivery and speed of the services provided.

In 2006, Orange UK adopted a “multi-party” encoding technology for its WAP service, reducing the downloading time for a WAP page from 21 to 7 seconds.

Other observations have led certain countries to conduct surveys looking into the reasons behind the slow reception of MMS or voice quality differences between networks.

In 2007, this evaluation process will be ramped up to include Spain, covering a total of 27 mobile operators on 9 European markets.

In emergency situations, we do our utmost to reestablish the network as quickly as possible. In February 2007, after Reunion had been hit by Cyclone Gamède, our teams were mobilized, making it possible to get 70 out of 112 mobile relays back online in less than five hours and 80% of telephone lines operating again the day after the disaster. Our commitment alongside Télécoms Sans Frontières (TSF) also makes it possible to set up operational telecoms centers for NGOs to coordinate aid initiatives following natural disasters. This partnership, which has been in place for many years, was renewed in early 2007.

secure solutions

The development of an information society cannot be conceived without care and caution.

The growing dematerialization of exchanges, the adaptation of evidence laws to factor in information technologies, internal and external electronic processes: all of this calls for high levels of security. It is vital to be able to guarantee not only the integrity and confidentiality of the data, but also and above all the identity of the parties concerned.

Strong authentication, electronic signatures, encryption, time stamping: today these represent some of the essential foundations for the trust on which the security of facilities or equipment, services, places and people are based.

the right access for the right people at the right time

Managing identities and access rights represents a priority project for the NExT transformation program, aiming to implement the Group's security policy with key processes: identification, authentication, resource management and access right allocation.

At the end of 2004, the Group Management Committee launched a feasibility study looking into the management of identities and access rights for resources. In early 2006, the findings from this study made it possible to launch the definition phase for the I@M program, led by a cross-business working group with human resources, IT operations,

network and of course security teams. Their work and recommendations were validated last October.

security of products and services

Guaranteeing the security of each one of our offers is vital, protecting our company's assets and maintaining our customers' trust.

The Time-To-Market (TTM) process aims to launch products and services at the right time with a maximum level of quality and security. This process is gradually being rolled out throughout the Group, on fixed and mobile, residential and business, in all the countries where we operate. TTM is gradually being rolled out throughout the Group. This method covers all the steps of the launch of a new offer: opportunity, design, development, deployment, market launch and the launch review phase.



interview with Philippe Duluc,
France Telecom Group
Security Officer

“For the France Telecom Group, security is a key issue for several reasons: information ownership, brand image, expertise on advanced technologies, financial gains, our customers' trust, etc. The need for the information system to be opened up to the outside world entails security requirements making it possible to effectively protect the creation of value for all of our stakeholders. In 2006, within the framework of the company's new organization, we have strengthened security throughout the Group and gradually set up security departments in each country. They factor in specific local features and the maturity of the various markets. We have also developed actions to promote a security culture as well as business continuity actions, notably in terms of our offers.”

our technologies serving sustainable development

We firmly believe in the essential role that communication solutions can and should play in order to rise to the challenges of sustainable development.

This conviction is reflected on a daily basis in our core business through the development of products and services making a concrete contribution to safeguarding the environment through the dematerialization of exchanges, or responding to new community challenges in terms of health, disability or education.

solutions helping to safeguard the environment

The use of new technologies is reducing energy consumption and limiting the need for business trips, replacing certain “physical” equipment with “virtual” services... This dematerialization of the economy is playing an essential role in reducing our ecological footprint.

dematerialization of tax and administrative procedures

After developing electronic invoicing for our own use (see p. 60), we have been offering this service through Orange Business Services since 2006 to corporate clients looking to reduce their environmental impact while optimizing their costs. As the leading service for the dematerialization of invoices and tax procedures for inter-company exchanges in France, we make it possible to send and receive electronic invoices in total security. The “electronic invoice” solution is compliant with European regulations, enabling the validation of the compulsory statements required by the tax authorities. Businesses are able to benefit from a legal archiving service for invoices sent or received over a ten-year period.

Another example is the TéléTVA system for secure online VAT filings. This was developed by France Telecom for the French Ministry of Finance and represents the first French application of dematerialization for an administrative process.

dynamic information in real time

Our solutions for real time dynamic information (GPS navigation, intelligent voice servers, dedicated portals) enable more fluid traffic while improving user safety. In this way, warning systems make it possible to be kept informed about any risk of a traffic jam, an accident or bad weather conditions, while enabling immediate access to the emergency services. In 2006, we took part in the Bibendum Challenge, a leading event for sustainable mobility organized by the Michelin Group. We also presented our range of services designed to make it easier for people to get around at the *Mondial de l'Automobile 2006*.



interview with Dennis Pamlin,
Global Policy Advisor, WWF

“Climate change represents the biggest challenge that humanity will be faced with in the future. The use of Information and Communication Technologies (ITC) to reduce CO₂ emissions will have a much more positive effect on our economy than reducing our business activity, which would cause us to lose our lifestyle. Thanks to TTC, we are able to innovate, support the creation of businesses, increase our productivity and exports while managing our energy resources more efficiently. A videoconference needs much less energy than a trip in a plane. We could save tons of energy resources if we work more with videoconferencing and telecommuting.”

tools for working remotely

For several years now, we have been developing services promoting the mobility of data rather than people: videoconferencing systems, remote access to the working environment and tools for collaborative work on the Internet, for example.

In 2006, Orange Business Services has counted almost 27,000 conference call accounts and about 96,000 reservations per year. Furthermore, 18,000 conference call numbers have been reserved for our corporate clients in 2006, with an average of 15 conferences and 6,000 conference minutes for each number every year.

These solutions make it possible to avoid any useless trips, helping reduce greenhouse gas emissions. Since we use these tools for our own business (see p. 60), we are able to provide our customers with effective advice.

machine to machine communication, our innovative solutions

Under Orange Business Services brand, France Telecom represents the first operator in Europe to offer complete packages or made-to-measure solutions based on M2M (Machine to Machine). These solutions enable remote pieces of equipment to communicate with one another through centralized data on a platform and fixed or mobile networks, without any human intervention. M2M enables, among other things, the remote management of equipment, street furniture and vehicle fleets.

At the end of 2006, we entered into a partnership with e.l.m. leblanc (a subsidiary of Bosch, a key player on the French heating market) to develop a pioneering remote diagnosis system for boilers based on M2M technology. This remote-diagnosis approach enables preventive maintenance and adjustments to be made remotely in order to optimize the heater's performance.

meeting the medical world's new expectations

For more than ten years, in conjunction with health care establishments and professionals, we have created innovative solutions adapted to the new challenges facing the medical world: home-based hospitalization, tele-medicine, networking of health establishments. A wide range of offers are already available in several countries (France, UK, Switzerland, Spain and Poland). For instance, the telepayment service is making it possible for self-employed professionals (doctors and nurses) to send electronic treatment certificates to medical insurance companies. Our videoconferencing solutions are also helping many hospitals with their day-to-day needs for internal or inter-establishment remote diagnosis, particularly for multi-disciplinary consultations.

The Hostonautes® project is making it possible for children to maintain ties with their school and family. It make possible a number of uses such as using videophones, sharing content with teachers, creating websites, exchanging email, etc. Hostonautes® is already available in seven hospitals in France. M2M applications (machine-to-machine) are also helping improve the safety and comfort of patients. They can save patients needing regular medical check-ups (diabetics and asthmatics for example) from permanent hospitalization: thanks to adapted equipment, patients can do the tests themselves. The results are then directly transmitted to a central server and compared against standard profiles. In the event of an emergency, the attending doctor is informed.

disability solutions: solutions for all

For several years, the Group has been developing a “design for all” strategy, aiming to take specific disabled requirements into account when designing residential products and services. This strategy is based on feedback from elderly and disabled customers and on the innovations of Orange Labs. It aims to deploy simple and ergonomic solutions that are available to all in all of our markets.

Experience has shown that a product or service designed with a maximum level of constraints for disabled people often win over a much wider audience thanks to their user-friendliness.

In France, 93 stores are Disability Solutions certified and there are also three dedicated Rainbow agencies. A specific catalog presents the Group’s products and services for each type of disability and impairment: hearing, sight, speech, mobility, etc. The products can also be consulted in the Disability Solutions section on our website (www.francetelecom.com) or by calling the toll-free number 0 800 11 22 33. Customers will be put in touch with one of our 200 specialized advisors, who have been trained on the specific requirements of our disabled and dependent customers. Around 4,000 sales team members and 260 webmasters have taken a short training course on disability.



interview with
François-René Germain,
head of the Group
accessibility division

“Our role is to continue facilitating access to increasingly sophisticated technologies for all. Because if we are not careful, these technologies could complicate access to ITC instead of offering greater comfort for our customers. But we should not forget that in 2040, one third of the European population will be over 60. The elderly of tomorrow are the adults of today: they have fully mastered fixed and mobile phones and the Internet. It is our responsibility to accompany them so that they can continue to enjoy the services that they appreciate and that will contribute even more to making their day-to-day life easier.”

mobile voice control with the vocal assistant

A genuine innovation enabling simple and comfortable use, the vocal assistant feature makes it possible to vocalize all telephone information as well as calls and SMS, modify colors and contrasts, and adapt character sizes. It also says which network is being used, the date and time as well as the battery and network levels. It can be personalized in line with the preferences of the user, who can configure the voice synthesis diction (speed and volume), and choose their screen settings or the scrolling speed.

A specific section on disabilities and more generally accessibility is included in the NExT project and the Group's marketing principles.

In 2006, we launched electronic invoicing for visually impaired customers in France. In addition, a major project on the accessibility of our internal and external websites is underway, looking to facilitate access for all to information online.

Our participation in specialized fairs and conferences (Autonomic, Bien Vieillir) is a key part of the process involving listening to our customers. We also work closely with associations in the field to design these services, setting up partnerships with specialized suppliers.

Our participation in the *club accessibilité des grandes entreprises*, promoting accessibility for large businesses, enables us to share our experiences and develop joint actions. Our disability offers are currently being rolled out in several European countries: Poland, the UK, Italy, Belgium, Spain, Italy and Luxembourg.

For example, a major project in Poland aims to open 10 certified stores, provide disabled customers with information online on TP's website and launch a first catalog. A dedicated number for disabled customers is already available 24-7: 118 888. For fixed-line services, handsets that are specially adapted for disabled users are also available, while visually impaired customers may receive their bills in Braille or with large type.

In Spain, the Mensavoz service offers blind customers an audio playback of SMS or MMS messages.

Coach'In : making day-to-day life easier for our deaf and hearing-impaired customers

To help make the life of people afflicted by hearing disorders easier, our R&D team works with an innovative concept: Coach'In, a virtual assistance service for the use of telecommunication. An animated 3D character (avatar) gives explanations in LSF (French sign language), for example on how to use MMS.

Subtitles have been added for people not understanding sign language. In 2006, Coach'In has received an award in the competition Autonomic'Innov, whose objective is to promote innovative products and services best adapted to the needs of disabled and dependent people. It will be launched as pilot run for mobiles and the Internet in the summer of 2007.

helping dependent people continue to live at home

The increase in the number of dependent elderly people is creating challenge for the community and for the economy. Communities and families must face with a lack of space in specialized units and the high cost of institutions. To meet the needs of the elderly and dependent and their families, we have developed a range of solutions to help them continue living at home.

As part of this effort, we have launched Autonomie Visio: a videophony service adapted for the elderly, and as easy to use as a regular telephone, with an image to maintain family, medical or social ties. In France, Autonomie Visio is included by local authorities in their social mission for the elderly.

bracelet Columba securing the living environment for Alzheimer's patients

Through a partnership with Medical Mobile, we are offering a "bracelet-telephone" in our 700 French stores, based on an intelligent detection and warning software, a GPS system and a transmitter-receiver. If the person wearing a Columba bracelet leaves their usual geographical area, the apparatus automatically sets off an alarm to warn their family or friends. The telephone exchanges and data transmissions are based on our Orange mobile network and the services of AXA Assistance.



bringing innovative uses to the classroom

We are providing education professionals with access to new communication tools designed to facilitate access to information and the development of innovative teaching methods.

The Jordan Education Initiative (JEI) aims to facilitate Internet use at school. With the Jordanian Minister of Education, we have helped develop the use of online training tools to teach Arabic using e-learning. Around 1,000 online lessons have been developed in this way. A multimedia tent and bus have crossed the country to introduce Internet technologies to teachers and students in schools. An online training module on how to use the Internet is available free from Jordan Telecom. New developments are also underway. In the next two years, through the JEI, 1,000 teachers will benefit from an animation system and follow-up with various digital resources developed.

In Senegal, Sonatel has set up a partnership with the Minister of Education to bring the Internet to schools, high schools and universities.

In Poland, TP has launched an "Education with Internet" program, which has already brought Internet access to more than 12,000 primary and secondary schools. In this way, some 4 million students have been able to discover the Internet in user friendly conditions.

In France, we are testing out an innovative digital work platform solution, the *Cartable de Savoie*. With real-time access to educational content or administrative information, it offers a single and secure point of entry for a shared workspace and a range of digital services from any Internet access point. Around 4,500 students, teachers and administrative and technical staff from 18 schools are already using it.

contributing to local economic development

Information and communication technologies are contributing to the dynamic development of our various regions. The infrastructures only have any meaning if they support services and uses. Our teams are working each day to provide as many people as possible with access to communication solutions, developing innovative uses to make life easier for their communities, and setting up solutions with a strong local focus, strengthening the appeal of the various regions.

facilitating access to communication solutions

ADSL deployment, a priority

The deployment of broadband Internet is based primarily on the use of the ADSL* technology. We have deployed one of Europe's largest broadband Internet networks. At the end of 2006, we were one of the leading European ADSL operators, with 8,548,000 customers.

In France, at the end of 2006, 100% of our connection points were equipped and 98% of the population was covered by ADSL* services.

Similar efforts are being made in our units: in 2006, our subsidiary Mauritius Telecom for example brought ADSL to Rodrigues Island in line with its program to democratize broadband Internet.

For populations in areas with no ADSL access, alternative solutions such as the Surf Wi-Fi Pack* or Wimax* (outside of metropolitan France) are either in use or researched. Other solutions are also being considered such as Re-ADSL*, an enhanced version of ADSL. In this way, on Réunion Island, France Telecom has launched an offer based on the Re-ADSL technology designed to enable broadband Internet access for 5,000 otherwise ineligible households. In Mali, for business and residential customers, we are able to offer two

Internet subscription services based on the local radio loop. The technology used for residential customers is Wimax. In time, it will also be used for businesses.

In Senegal, the CDMA* technology is making it possible to provide telephone coverage in rural and suburban areas for the residential, professional and telecenter markets. This technology offers a high processing capacity with relatively little infrastructure.

mobile telephony: extension of coverage and new uses

We are working to open up access to mobile telephone services for as many people as possible.

In 2006, we confirmed our support for local authorities and the state in France in line with the national agreement on white zones, exceeding the commitments made to the Ministry for Regional Development. This vast program was launched in 2003 and reflects unprecedented dialogue between public and private stakeholders in order to extend GSM mobile telephony services to cover 99% of the French population. It plans for the local roaming sites to be opened and infrastructures to be mutualized. Since 2005, the second phase of this program has been fully financed by the various operators. Today, 98% of the population is covered by the Orange GSM network.

Today, telephone services are being enhanced with images and multimedia. In order to offer broadband Internet to as many people as possible, we have opted for flexibility with a single offer based on the Wi-Fi*, Edge* and 3G* networks dovetailing with one another. The democratization of mobile multimedia uses requires partnerships to be set up in order to bring the various stakeholders together within a clear regulatory framework. It is within this context that it is possible to invest in infrastructures and develop alternative solutions in low density areas.

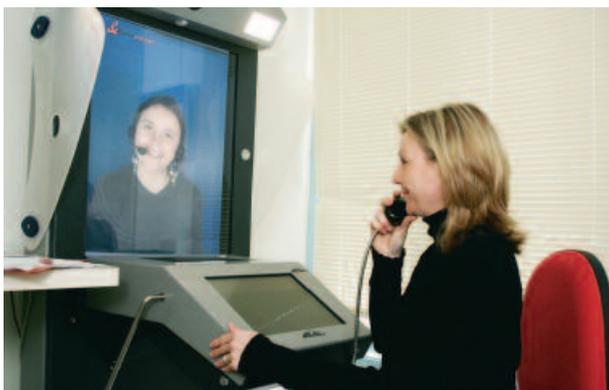
We are supporting the identification of a low band harmonized at around 500 MHz, enabling broader coverage and accessible to all operators competing against one

another. We are also encouraging the adoption of open international standards ensuring economies of scale and a sufficient level of competition between manufacturers.

**public telephony:
suitable solutions for remote areas**

Wherever we offer our services, and more specifically when we are a partner of the historical operator in a given country, ongoing dialogue makes it possible to facilitate access to communication solutions. In addition to the universal service obligations, we are able to offer a range of innovative solutions.

In Senegal, we are installing community phone booths free of charge in certain villages, which then operate them. In Romania, we are committed to facilitating access to information and communication technologies in rural areas. In 2006, we opened 10 new telecenters enabling customers to access the public telephone network as well as fax and Internet services. 37 new telecenters are scheduled to be opened in 2007.



Point Visio Public: easier dialogue with administrative services.

making life easier for communities

Our commitment alongside regional authorities is based on three lines of action: digital development of territories, support for all stakeholders to take new uses on board and the deployment of innovative services. The major challenge is to offer citizens new services in fields such as security, enabling dependent people to remain at home, or remote access to public services.

In France, our “3X10 Plan” is meeting the needs of local authorities by offering easy to use solutions, with strong value added that can be accessed thanks to broadband.

These services include the Point Visio Public, enabling citizens to contact administrative services remotely. This enhanced videotelephony solution, developed by our R&D teams, connects users with their administrative correspondents thanks to a virtual counter terminal. In this way, administrative processes can be carried out in a fully interactive way. The Point Visio Public service is also helping open up isolated districts. In 2006, 18 new Points Visio Public were set up in rural areas in the Auvergne region.

Another example of innovative services contributing to the modernization of government bodies is the TéléNetCité service, designed to strengthen local communication and participatory democracy. It enables local authorities with an Internet site to put multimedia content online easily and independently in order to promote dialogue with their public audiences. In this way, they can store and publish information, share all the key news on local life or create an online consultation for general interest projects.

strengthening the economic growth of regions

The performance of telecommunications infrastructures represents a major economic issue at local level and is key factor for the competitiveness of businesses and the appeal of the regions. In addition to our activities' contributions to boosting the economy, we are supporting the emergence of local development projects, notably in underprivileged areas. In Poland, our subsidiary TP is taking part in the Internet Republic project, working with the United Nations Development Program. Launched in May 2006, this ambitious project aims to reduce the digital divide in the poorest rural areas of Poland by encouraging the use of Internet and information technologies in the fields of education, development and tourism. It represents a response to major economic and social issues: in Poland, rural areas may have unemployment rates of up to 50%, with limited resources in the education sector. A call for projects was issued in order to encourage the emergence of local development projects. The most innovative proposals may receive financial backing, for up to 12,500 euros, as well as IT equipment. The TP Foundation has contributed 800,000 euros,

including various donations of multimedia equipment.

For the past two years in France, we have been rolling out the ZAE Plan, which aims to bring broadband Internet to 2,000 economic activity areas (*zones d'activité économique*, ZAE), further developing small, medium and large businesses, at competitive rates. This concerns around 120,000 large company sites and SMEs.

In addition, we are offering businesses broadband access with guaranteed symmetrical speeds of 2 Mbit/s at the same price throughout France, marking a further step forwards in terms of access to broadband. This measure concerns all businesses, with a majority of SMEs that are not located in an economic activity area (ZAE).

In Egypt, our subsidiary Mobinil has provided support for populations affected by protective measures in relation to bird flu. More specifically, Mobinil has helped 100 families whose poultry stocks had been destroyed to develop new agricultural activities, while encouraging young unemployed people to start their own businesses in line with the needs of these family-run farms.

In Romania, we are also supporting an economic development project for rural areas in Transylvania, promoting the development of local know-how and agrotourism.

Surf Wi-Fi Pack: broadband Internet for the most remote areas

The Surf Wi-Fi Pack represents a broadband Internet access solution created for local authorities, businesses and individuals located in white zones.

This service combines satellite or wire-based and Wi-Fi (wireless broadband Internet) technologies, providing access to broadband Internet within a manageable budget. The Surf Wi-Fi Pack involves using a satellite-or wire-based access set up in the heart of the community and using Wi-Fi to wirelessly share a high-speed connection between several users. 120 sites currently use this pack.

enhancing partnership with our suppliers

Responsible procurement policy

More than a contractual relationship, we aim to build up a total performance approach to our suppliers based on quality, innovation and respect for sustainable development. Our QREDIC® system makes it possible to regularly analyze the overall performance of our suppliers, thanks to a sustainable development questionnaire tailored to the principal types of purchases.

The findings are presented to the suppliers and are subject to a joint improvement plan if necessary. All of the evaluations and methodology used are made available to all of the stakeholders concerned on an intranet site in English and French.

In 2006, we improved our sustainable development questionnaire in order to make it easier for suppliers: using a more flexible and user-friendly Web tool, incorporating feedback from the previous year, and adapting the questionnaires for categories of products and services. The impacts of changes in regulations linked the WEEE* and RoHS Directives have been looked into with our main suppliers (see p. 56-57). Ahead of schedule, we have also incorporated the requirements of REACH regulations on chemical substances.

On the basis of questionnaires returned by our suppliers, we have drawn up two maps of environmental and community risks, which will be used for future development plans.



interview with Claude Mazelin,
head of supplier quality,
responsible for sustainable
development and purchasing

“A further step forwards was taken in 2006 on our responsible purchasing policy. Following our Group contracts, the ethics and environmental protection clause is now included in all of our local contracts in France. Our environmental and community risk mapping will enable us to set up progress plans with our suppliers where the need is greatest. In 2007, the categories of purchases presenting major or critical risks that suppliers cannot easily manage will be covered by a specific strategy.”

encouraging results

Our suppliers adhere to the same commitments as France Telecom:

- 527 suppliers were subject to at least one QREDIC evaluation in 2006, representing 86% of the Group's purchases, compared with 74% in 2005;
- 70% of the contracts assessed then incorporate an improvement process;
- 58% of the suppliers questioned have made national or international commitments to agreements such as the Global Compact*, the Electronic Industry Code of Conduct (EICC) or codes defined by the World Business Council for Sustainable Development (WBCSD);
- 71% of suppliers have implemented an environmental management system based on ISO 14001 or to a lesser extent EMAS.

addressing responsible sourcing in China

In 2006, we carried out several actions to train up and raise awareness among buyers in our Chinese division on quality and sustainable development issues: theoretical information, visits in eight Chinese businesses, etc. The presentation of our responsible procurement policy and a sustainable development questionnaire adapted to local issues (particularly regarding working conditions) made it possible to start up a discussion on these topics. This work will continue in 2007-2008 with the implementation of plans for progress.

evaluating our call center subcontractors

The business world is becoming faster and faster and more instantaneous. Quality and economic performance are essential to customer relations. After several years we have outsourced certain information and assistance functions. When it comes to winning new customers or securing the loyalty of customers, the performance of the call centers is fundamental. We regularly evaluate, via our QREDIC® system, the suppliers to which we subcontract our call center activities for the French market. In 2006, on a social level, these subcontractors could give us the guarantees we are looking for. Nevertheless we had to terminate contracts with three telesales suppliers due to insufficient service quality. The regular monitoring of all our suppliers in this sector will be strengthened in 2007.



maintaining dialogue with investors

close contact with our shareholders

We are using innovative solutions to inform our shareholders in a clear, relevant, interactive and accessible way.

In 2006, we have launched the first webzine for shareholders, website www.francetelecom.com or via email subscription. The webzine offers the best multimedia information to all shareholders interested in the Group.

At the same time we focus on the dialogue with individual shareholders, notably through the Inter@ction advisory circle, whose members have been involved in the planning of important events like the General Annual Meeting and the Shareholder Convention. There have also been dozens of open meetings in the largest cities in France. They have given an opportunity to the shareholders to obtain information about the company strategy, its realization in terms of offers as well as services and financial results.

To find out more, visit the shareholder section on our website www.francetelecom.com.

continuous dialogue with financial analysts and rating agencies

Online at www.francetelecom.com, detailed information is available for investors on the Group's strategy, financial results and economic news. Several meetings allow direct interaction, particularly the Investor Day, which is organized each year.

In addition, we maintain dialogue on corporate responsibility and sustainable development with socially- responsible investment funds and non-financial rating agencies.

France Telecom's non-financial ratings

SAM/Dow Jones Sustainability Index (DJSI)

Although the Group is not a part of the DJSI, France Telecom has since 2002 been assessed by the SAM agency, which has reported a steady improvement in the company's corporate responsibility approach, particularly on social, community and environmental aspects.

EIRIS/FTSE4Good Index

France Telecom has been part of the FTSE4Good Index since 2002.

VIGEO/ASPI Eurozone Index

The 2006 rating shows significant progress in all fields. Particularly in social aspects and community involvement, Vigeo ranks France Telecom as one of the most committed businesses in its sector. France Telecom has been part of the ASPI Eurozone Index since June 2006.

DEXIA Asset Management

In their February 2007 report about the telecommunications sector, Dexia Asset Management rated France Telecom amongst "Best in Class" in this sector in Europe.

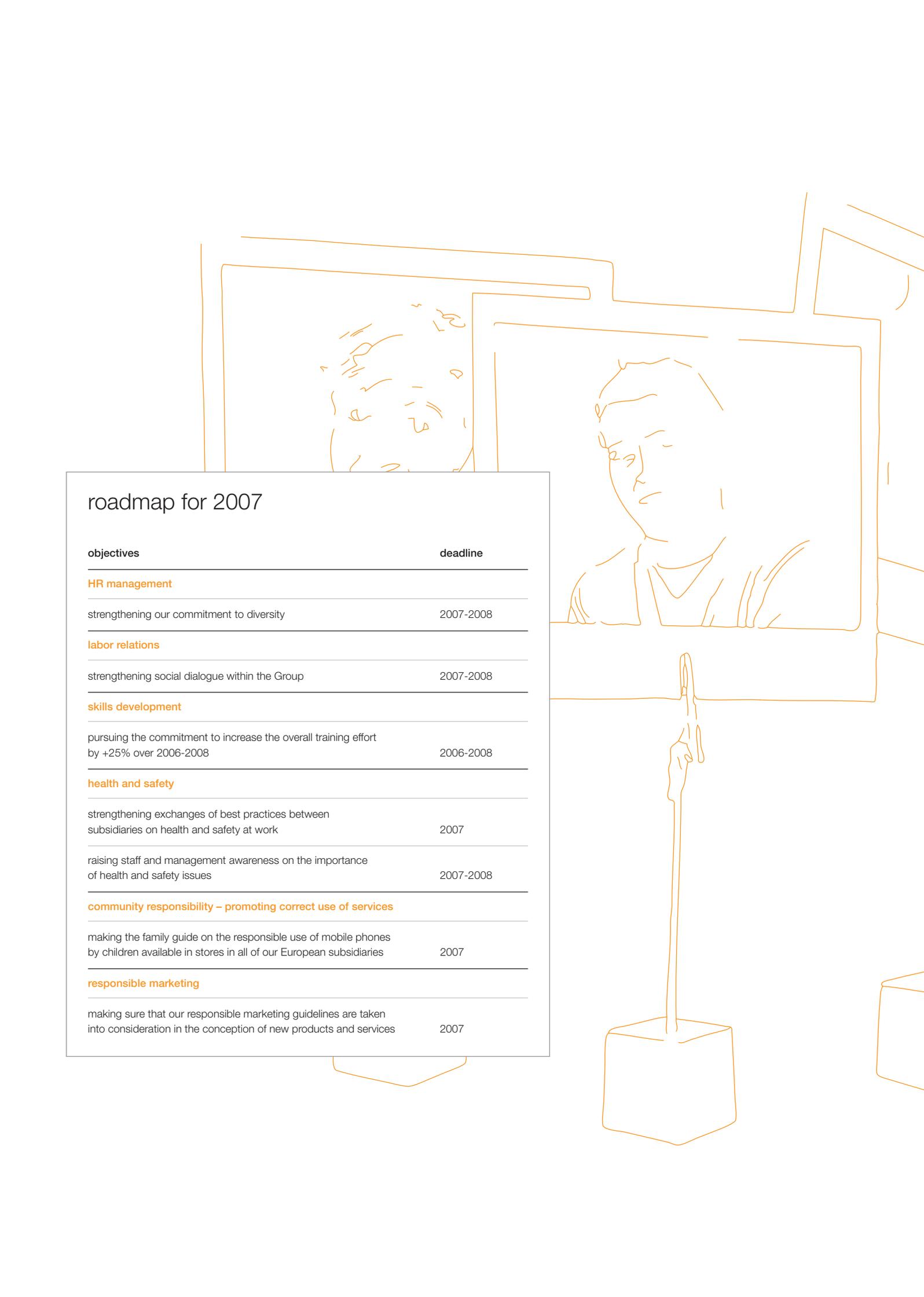
our social responsibility

Respect for people is a core value at France Telecom. The Group is committed to carrying out our activities while safeguarding social well-being, both in relation to our employees and to the communities within which we operate.

review of 2006

objectives set at end of 2005	deadline	status	details
HR management			
measuring quality of service for HR	2006-2008	→	
continuing to deploy the health and safety at work management system	2006-2007	→	see page 37
labor relations			
setting up staff representative bodies in Slovakia and Romania	2006	→	see page 33
skills development			
rolling out development spaces within the Group	2006-2008	✓	see page 35
rolling out a profession mapping process for each country	2006-2008	✓	see page 35
setting up a management school	2006	✓	see page 36
gradually systematizing professional pathways	2006-2008	✓	see page 36
increasing the overall training effort by 25%	2006-2008	✓	see page 36
setting up an e-learning course on ethics for all Group staff in English and French	2006	✓	see page 6
multiplying exchanges by four in connection with the Talent Sharing initiative	2006-2008	✓	see page 39

- ✓ objective met
- project underway
- ... objective not met



roadmap for 2007

objectives	deadline
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HR management

strengthening our commitment to diversity	2007-2008
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labor relations

strengthening social dialogue within the Group	2007-2008
--	-----------

skills development

pursuing the commitment to increase the overall training effort by +25% over 2006-2008	2006-2008
--	-----------

health and safety

strengthening exchanges of best practices between subsidiaries on health and safety at work	2007
---	------

raising staff and management awareness on the importance of health and safety issues	2007-2008
--	-----------

community responsibility – promoting correct use of services

making the family guide on the responsible use of mobile phones by children available in stores in all of our European subsidiaries	2007
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responsible marketing

making sure that our responsible marketing guidelines are taken into consideration in the conception of new products and services	2007
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harnessing our employees potential

developing core values to help us manage Group employees

2006 was marked by the rollout of a new country-based organization, designed to meet requirements from our countries and to ensure the consistency of the Group's policies worldwide. This change, carried out under the Orange brand in a number of countries, is rallying staff around a series of shared values, forging a company spirit making it possible to effectively factor in local requirements and specific features. This is enabling us to effectively incorporate our three major issues when it comes to human resources: social dialogue at all levels throughout the Group, individual and collective skills development, and health and safety at work.

To implement these changes, we are drawing on the motivation of our employees, as well as tools designed to support their development and a sustained level of social dialogue.

dialogue with employees

Social dialogue is conducted with elected staff representatives and/or union representatives, in line with local practices and the legislation in force in the country in question.

staff representation

There are close to 400 staff representative bodies within the Group, primarily in Europe, but also in subsidiaries in Africa, such as in Cameroon or Senegal.

We maintain a neutral attitude in relation to the introduction of unions within Group companies and, on a local level, a balanced attitude consistent with the local culture and legislation in force, notably with regard to representativeness and conditions for recognition within the business. This position was once again confirmed with the fundamental rights agreement signed with Union Network International in December 2006.

Our labor relations policy ensures that staff or union representatives have:

- a guarantee of non-discrimination and similar treatment to their colleagues in terms of compensation, training and careers;
- the resources needed for action: free time, means of communication, etc.

staff representative bodies in France

2006 was the first full year in office for the staff representatives elected in 2005.

The latest staff representative elections took place on January 11 and 25, 2007, with the following staff representative bodies in place:

- a central economic and social unit committee, replacing the central works council (2005-2006);
- a Group France committee;
- 38 works' councils apart from the Orange France works' council which will be further continued;
- 450 different establishments for setting up staff representatives.

More than 3,000 members of staff have been elected as staff representatives.

The central works' council met 29 times, over 49 full days, in 2006.

the Group European Works' council

2006 confirmed the importance and essential role of the Group European Works' council, which guarantees the same level of information on the business strategy in all our companies throughout Europe. This council has maintained ongoing dialogue, as shown by the four plenary meetings and four conference calls organized over the year. Following the acquisition of Amena in Spain, the Group European Works' council met in Madrid for its annual session outside France. Today, 18 countries are represented within this council, with 32 staff representatives: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden and the UK. Romania also joined these countries on January 1, 2007.

The Group European works' council offers a forum for social dialogue with a strong European focus, fully in line with the implementation of the integrated-operator strategy, while helping strengthen the sense of belonging to a multinational group. Today, it has become an essential player in the Group's social dynamics, with the diversity of its members, coming from union organizations or elected directly by staff, further strengthening its representativeness.

European employees dialogue

In accordance with the commitments made, Orange Romania elected its first staff forum in December 2006, which appointed its representatives to be part of the Group European works' council. Around 60% of employees voted in these elections, this high rate clearly illustrating the commitment by staff to get involved.

In Switzerland, staff elected their representatives for the third time, highlighting the dynamic nature of the staff forums in place.

This dynamic approach to European social dialogue will be continued over 2007, notably with staff forums set up in Slovakia and renewed in other countries.

on labor relations agreements

In this area, 2006 was first of all marked by the global agreement signed with Union Network International (UNI). This transnational agreement clearly shows that the Group is committed to putting in place a common foundation for labor relations practices wherever it is present. In this way, we are reaffirming our commitment to:

- **upholding fundamental human rights**, notably preventing any use of forced labor, child abuse and any form of discrimination, while also ensuring health and safety at work, and respecting freedom of union membership;

- **implementing a dynamic employment policy**, offering access to training, international mobility and gender equality;
- **applying ethical principles in dealing with suppliers and subcontractors**, in accordance with the Group Code of Ethics.

This agreement applies to all companies that are directly or indirectly controlled by the France Telecom Group. It sets out dialogue as a key priority, with the Group and the UNI initiating this when difficulties arise, in order to look for solutions together before any external initiatives are begun. This transnational agreement represents an essential part of our policy for dialogue with all of our stakeholders. It will therefore be communicated to all of our partners, and covered by follow-up meetings with the UNI.

Social dialogue is also reflected in the various agreements signed with our labor relations partners. While certain countries have a "contractual" tradition, this is not the case across the board. On the whole, the areas covered by such agreements include social rights, compensation, the organization of work, the right to be part of a union, staff representation and lastly organizational changes. A number of major agreements concerning the employment policy have been concluded with all the union organizations in Poland.



facilitating the Group's development

Any decision relating to organizational changes with significant impacts on jobs and the organization of work results in a process for information and dialogue with staff representative bodies.

In 2006, our staffing levels fell slightly, down -4.7% at constant rates in relation to 2005, linked primarily to reductions in the workforce in France. Despite this downturn, we recruited nearly 12,400 members of staff over 2006.

In France, this downturn reflects the transfers of staff over to the public sector as well as actual or early retirements. The early retirement system was ended on December 31, 2006, with reviews underway to clarify next steps. 2006 also saw a significant increase in the number of staff assisted in departing for personal projects. In 2006, we have assisted



interview
with Laurent Zylberberg,
head of international
labor relations

“The various achievements in 2006, including the signature of the global agreement on fundamental social rights with the UNI, clearly illustrate how we are incorporating corporate social responsibility values and commitments into social dialogue. This agreement has further strengthened the foundation of common values on which France Telecom is building its development, in which all of our employees are able to recognize themselves.

In this way, the Group is committed to an innovative approach for social dialogue with all of our partners – union organizations and/or elected staff representatives, local labor relations bodies, etc.

It will also further strengthen the motivation of our employees, setting out a framework for consistent practices for all the countries in which we are based. Lastly, it reflects our commitment to implementing a dynamic, people-friendly employment policy.”

almost 500 employees in setting up or restarting companies, or in their efforts to continue their career in another company, an association or an NGO...

In other countries, the situation varies quite significantly: certain subsidiaries have seen their staffing levels virtually stagnate such as Equant, while others have continued to see strong growth such as Romania. In Poland, in line with the commitments made, no collective plan was rolled out over 2006, while various agreements have been signed mapping out the employment policy for 2007-2009. Orange Business Services has seen a growth in staff of over 400 people in the year ended.

skills development, a key challenge

Today, our Group must rise to a number of new challenges, including how to find innovative growth services while meeting the market's expectations. To achieve this, we will need to:

- step up the pace of moves to adapt our skills: from 2005 to 2008, some 10,000 people will be refocusing on priority professions;
- strengthen the support systems in order to facilitate the fulfillment of personal projects.

act: a new way for the Group and its staff to envisage the future

This project, known as program act: (Anticipation and Competencies for the Transformation), is intended to strengthen staff motivation, the company spirit and the sense of cohesion within the Group. It is based on a two-way commitment between the business and staff:

- employees become a genuine player in their own development. With act: opportunities, the France Telecom group wants to improve visibility over the various professional fields to allow each employee to find a place for his professional future. With act: development, the

Group provides all the necessary means to enable staff to develop their professional value and build their own personal project;

- France Telecom is committed with act:, including promoting management involvement in employee relations and tools tailoring HR solutions to the specific needs of each member of staff.

In 2006, we continued deploying the act: program within the Group, notably in France, Poland and the UK. We also started the program's deployment in Spain and other major European countries as well as in Africa, the Middle-East and Asia.

clear visibility over opportunities for each profession

Transparent information is essential for each member of staff to be able to capitalize on the opportunities available. Thanks to a process to map out the 6 areas, 23 fields and 395 professions identified within the Group, as well as the priority requirements, all members of staff now have clear visibility over their employment prospects. In 2006, this map was put into place in France. Today, after logging on to the intranet with their ID, staff will be able to check out the overall trend for changes in their field, as well as the career development paths open to them within this field.

In the context of staff and competence management, this possibility is gradually made available to all the company's employee during the process of deploying the adapted information tools.

a dynamic approach to collective progress

Individual development projects must fit in with a dynamic program for collective progress. In order to give all members of staff the means to build their own development projects in line with the Group's strategy, we are gradually rolling out two key solutions:

- the personal development commitment, formalizing the employee's professional pathway, their commitment to developing their skills, and their mobility, the company's



four act: program components

commitment to providing solutions to accompany them, as well as the checkpoints and the system for monitoring these commitments;

- the development of spaces, providing advice, information and services, and drawing up a professional project for employees who are interested to improve their work performance, skills, motivation and prospects.

At the end of 2006, 12 development spaces were in place in France and 5 in Poland, with 1 currently being set up in the UK. Various studies are underway for other countries, and notably Spain. All in all, more than 15,000 employees have been assisted in these new development spaces. In line with our commitments, this concept is gradually being rolled out in the countries in which the Group is implementing its integrated operator strategy and will eventually be adapted to the local context in order to provide the best solutions to accompany the employees.

strengthening the management team's commitment

The implementation of the act: program calls for strong support from managers. Their ability to communicate, get their teams on board and develop them in the best interest of the Group is crucial to the act program's success. To strengthen the commitment of our managers, actions are taken throughout in the Group. We have for example set up management schools in Poland, the UK and France. The setting up of a management school in Spain is underway.

major training effort

The first year of the NExT plan's implementation, and its roll-out into human resources as part of the act: program, has meant a major increase in the training program. In this way, France Telecom SA increased the number of hours training provided by more than 25% over 2006. In the rest of the Group, this increase came out at over 11%. More than 80% of staff have been trained at France Telecom SA, and close to two thirds in the rest of the Group. In 2006 alone, with this stronger focus on training, investments are up by nearly 5% for France Telecom SA and 13% for the rest of the Group. In light of these achievements, we are fully delivering on our objective to increase our overall training effort (in total number of hours) by 25% for 2006-2008.

In 2006, we implemented 28 professionalization pathways, including a number of certifying and/or qualifying programs, with some 800 members of staff from France Telecom SA taking part. The business schools (distribution school, customer relations school, etc.) are also helping strengthen the professional capabilities of our employees.

Development over 2006 focused on training and awareness of ethical practices, with two training modules made available to all of our members of staff in seven languages.

innovative training tools

The flexibility and dynamic approach made possible thanks to online training and e-learning are starting to come into their own. In 2006, this training approach accounted for 15% of the total number of hours training provided.

To enable interested employees to take the initiative in terms of developing their own skills, we are providing them with a catalog of e-training courses, available 24-7, on the @noo HR portal.

A consistent approach to training within the Group is ensured thanks to a catalog that is shared with the various international subsidiaries.

Service Business School: supporting the development of new skills

To keep pace with changes in its businesses, Orange Business Services has set up a Service Business School, a professionalization program based on several sections:

- Service Way, a one-day training session enabling staff to understand our focus on service, highlighting the importance of the customer experience. 1,000 managers and key service staff were trained at the end of 2006;
- business-adapted certification programs, making it possible to validate the acquisition of key skills; these certifications are also offered to clients looking to validate the expertise of their staff;
- around 10 days training on Internet Protocol (IP*) fundamentals and the corresponding services, taken by more than 800 employees to date.

a strong health and safety at work policy

Formalized in 2004, our health and safety at work policy has continued to be rolled out. In 2006, the new country-based organization represented an opportunity to set up a Group-level health and safety division, which will be responsible for coordinating the deployment of the health and safety at work management program, while supporting its implementation in the Group's various countries.

This program is based primarily on:

- compliance with the laws and regulations applicable within the countries in which the Group operates;
- action plans adapted to the various activities;
- building awareness in managers on health and safety via training sessions, notably on risk prevention;
- an appropriate consultation process with employees and their representatives;
- a systematic response to stakeholder requests.

In addition to quantitative indicators (number of fatal work-related accidents, number of days lost to illness, frequency and severity of work-related accidents with work stopped), we ensure that each company applies a health and safety at work policy that is adapted to its activities.

deployment conditions tailored to local specific requirements

Depending on the various countries in which the Group operates, the deployment of the health and safety at work policy is being accompanied by specific applications adapted to oops did not mean to delete the local contexts.

- Within Orange Business Services, in light of the significant differences seen between the various sites and the offshoring of certain support functions, inventories are regularly carried out to take stock of the working environment. In this way, in India or Egypt, the national, regional or local regulations are identified, with regular meetings making it possible to involve local stakeholders in operations. This approach makes it possible to effectively identify risks, define processes for action, plan for the investments needed, inform all staff and train health and safety correspondents. External audits make it possible to regularly assess the approach adopted.
- In the Netherlands, software has been implemented to enable employees to configure their workstations more effectively, while ergonomics consultants are regularly brought in to inspect all of the work sites.
- In Mauritius, our subsidiary Mauritius Telecom is developing an approach for analyzing, controlling and reducing risks, as well as contingency plans and accident analysis procedures. A stress prevention program has also been put in place.
- In Poland, e-learning courses are making it possible to train a high percentage of staff on health and safety at work issues.
- In Senegal, following an analysis of Sonatel's sites and to prepare for the implementation of an annual prevention plan, a professional risk mapping process has been adopted.

diversity, an opportunity

We firmly believe that the development of our teams' diversity is key for the business to move forward. Promoting pluralism and targeting diversity through recruitment and career management is contributing to our effectiveness and the quality of our labor relations.

That is why we signed the business diversity charter in 2004, alongside other leading French and multinationals, with this commitment embodied in two major programs: promoting gender equality and integrating disabled workers.

promoting gender equity at work

The Group is particularly committed to ensuring gender equality within the workplace. In line with the collective agreement signed in 2004, a taskforce set up in 2005 is working to promote exchanges of best practice at European level. In 2006, this working group has submitted a report, which was discussed during a plenary session of the Group European works' council.

Further to this presentation, the decision was taken to widely distribute this report and follow up on the actions included. In this way, it was personally sent out to the Group Leadership Team by Group HR.

Naturally, efforts to promote gender equality depend to a great extent on the situation in each country. Women are occupying key positions in various Group companies. In Egypt, for example, women now account for close to 20% of managers at Mobinil, where their progress is being encouraged. In Slovakia, the position of Head of technical network operations is filled by a female employee. In Romania, half of the Group Management Committee is made up of women. More generally, we encourage initiatives designed to enable women to network with one another and take advantage of the opportunities available within the Group.

Since its launch in 2005 we have been strongly involved in the Women's Forum for the Economy and Society.

We are part of the international advisory board, which is responsible for contributing to the international legitimacy and development of this program

We are also members of Cercle InterElles, created in 2001 on the initiative of several women business leaders, including one former member of our Group's management board, working to promote equal opportunities in the workplace.

Percentage of women employees and managers by countries, 2005-2006 (source: @rche FT)

	% of women employees (average headcount)		% of women managers	
	2005	2006	2005	2006
France	38	37	30	30
Poland	45	45	32	31
UK	46	46	29	29
Spain	Not comparable due to the merger with Amena			
Egypt	30	31	16	20
Jordan	17	18	15	16
Romania	53	53	48	40
Senegal	30	30	23	19
Mauritius	26	26	9	8
Netherlands	35	35	29	22
Belgium	36	35	25	24
Switzerland	32	31	19	18
Slovakia	38	37	24	23
Cameroon	45	42	27	26

integration of disabled workers

The Group has set up a disabled program built around three main areas:

- a commercial focus within the Group Accessibility Division (see page 21, Global scope);
- a non-commercial focus within the Orange Foundation (see page 44-45, Global scope);
- a human resources focus with a national policy promoting the recruitment, integration and continued employment of disabled workers within the business, managed by to Mission Insertion Handicap (French scope).

Created in 2003, the disability integration office (Mission Insertion Handicap) is responsible for ensuring the effective implementation of commitments made under our enterprise agreement July 4, 2003 for the integration and continued employment of disabled people. On a regular basis, it organizes awareness-building days within the company – “demystifying disability” – combining theory with practice, notably through role-play workshops based on three handicaps: motor, visual and hearing. The level of participation in these sessions is growing, covering an increasingly diversified public.

In addition to building awareness, several factors are being leveraged to promote the recruitment of disabled workers:

- “Candidate-library” reserved for applications from disabled people;
- publication of offers on dedicated sites for disabled people;
- incorporation into general and specialized press;
- partnerships with various stakeholders covering the professional integration and redeployment of disabled workers;
- information for disabled students and graduates on the employment possibilities and professional pathways available with France Telecom;
- contribution to training future young disabled graduates (short courses, work placements).

In 2006, 38 disabled people were recruited in France.

In addition, a number of actions are being carried out on a daily basis to facilitate the integration of disabled workers: adaptation of workstations, installation of ergonomic furniture, Braille keyboards, voice synthesis and image enlargement software, as well as corresponding training and financing for sign language services. The digital accessibility project will also enable visually impaired or blind staff to use our intranet sites and business applications.

internationalization of the Group

The increasingly international make-up of our teams represents a further diversity factor.

The talent sharing program launched in 2004 is making it possible for interested employees to go and work in other Group companies for short periods (three months) as well as for longer term assignments, ranging from nine to eighteen months. This exchange is fully in line with the internationalization of the Group, making it easier to share experience, knowledge and best practices between the various countries. It is also strengthening the sense of belonging to the same company, while getting staff engaged in the Group’s increasingly international outlook. In 2006, these exchanges developed significantly, with more than 100 members of staff taking part in this program, up from only 20 or so in 2004.

The flexibility and dynamic approach made possible thanks to online training and e-learning are starting to come into their own.

In 2006, this training approach accounted for 15% of the total number of hours of training provided. To enable interested employees to take the initiative in terms of developing their own skills, we are providing them with a catalog of e-training courses, available 24-7, on the @noo HR portal. A consistent approach to training within the Group is ensured thanks to a catalog that is shared with the various international subsidiaries.

effectively managing the impacts of our activities on the community

promoting the responsible use of services

While information and communication technologies offer undeniable benefits, they may also involve various risks in terms of how they are used. That is why we are committed to raising public awareness on the precautions to be taken and the right behaviours to be adopted.

child protection

We have rolled out several solutions aimed at preventing any linked to the use of the Internet or mobile telephones by children.

content filtering, a first step

For the Internet, our parental control service enables clients to block access to undesirable content. Since April 1, 2006, this service has provided a free analysis of content in six languages, detecting any malicious content, including pornography, terrorism, drugs, violence, sects and racism. In Spain, content aimed at an adult audience is easily identifiable thanks to the ICRA (Internet Content Rating Association) label, and is automatically filtered with the parental control option.

In Poland, TP is the only Internet provider entitled to use the Child Friendly logo for products accessible to children, an award given by the NGO Child's Rights Protection.

Some content available through multimedia mobile phones may also not be suitable for young people. The Orange parental control option makes it possible to block access to sensitive sites free of charge, simply by calling customer services. We are looking into deploying this tool in all of our countries, in line with specific local cultural features.

In the UK for instance, the "Orange Safeguard" filter system is applied for all clients who are minors. For clients who pay by card, whose identity is not known, it is applied automatically and can only be removed after proof has been provided that the client is an adult.

In France, we signed a family charter for multimedia mobile phones with other operators and the Ministry of Family Affairs in 2006 with a view to safeguarding children. The parental control option is now systematically explained and offered to our clients if the line is for use by a minor. To make protection against illicit content even more effective, our clients are encouraged to report any illicit content at www.pointdecontact.net, which can be accessed via our www.orange.fr site.

In Romania, WAP* or voice services for adults are clearly identified and confirmation is systematically required to be able to access them. A "chat" moderation service makes it possible to eliminate messages with any illicit content and includes putting their authors on a blacklist.

In Slovakia, access to WAP* sites with adult content is protected by the allocation of identification codes restricting access to clients under 18.

raising public awareness

In light of the very rapid development of new technologies, filtering cannot eliminate all risks. We therefore work with experts to raise awareness among parents, children and to effectively manage these risks.

In different countries, including the United Kingdom, France or even Spain, we have published parent's guides to promote the good use of mobile by the children. Developed with child and family protection associations, these guides are now available in seven languages and are available on our subsidiaries' Web sites. We are looking into how to adapt them for our subsidiaries located outside of Europe.

In 2006, we also developed responsible marketing guides to ensure that our future advertising campaigns are in line with international codes of conduct and our commitments to corporate responsibility and do not target children.

controlling consumption

Through the use of mobile phones, children are exercising their right to independence. To keep within the planned budget, Orange is able to offer adapted services for younger clients, such as the Zap blocked subscription in France.

Orange Switzerland has also set up various systems for parents to keep control over the amount spent on the telephone by their children. By simply calling customer services, they may for example block services for downloading logos or ringtones as well as chat sites. A specific procedure is in place to ensure that children cannot reactivate these services without their parents knowing.

road safety: use the phone or drive, make a choice...

Using the telephone while at the wheel distracts the driver and introduces a risk factor in terms of both their safety and that of others. Our convictions on this subject are clear, as are our recommendations. In our commercial documentation and on our www.orange.fr site, we remind mobile phone users that the French highway code forbids the use of hand-held telephones while driving. We explicitly recommend that our clients should wait until their vehicle has stopped and been parked in a safe place before using the telephone. We also highlight the fact that even if it is tolerated by law, drivers must remain in control of their vehicles if they are using handsfree equipment. It is also illegal to send SMSs while driving.

Orange in France has contributed to greater mobilization in Europe over mobile telephones and road safety, in line with a prevention campaign launched by AFOM* in 2006 "When driving, your answering machine picks up". This operation was also supported by the French road safety organization, French car manufacturers, Feu Vert and Norauto vehicle repair centers, the French road accident prevention organization and around 20 businesses.

phone etiquette

Our mobile activities have launched several communications initiatives aimed at raising public awareness of noise pollution linked to mobile telephones, and the citizenly behavior to be adopted. In the UK, TV commercials tackling this issue have made it possible to raise awareness among a very wide audience. In France, the "Make an effort for your sound environment" campaign, based on a fun approach and displayed in public places and on public transport, has made it possible to get across simple messages accompanied by practical advice. In 2005, it received the *Décibels d'Or* from the national French noise council (*Conseil national du bruit*). This campaign was repeated in 2006 for our employees and the general public.



interview with John Carr,
President of Childrens,
Charities, UK

"Mobile phones have become an important element in the life of kids and young adults. They are also an integral part of modern family life. With its guides for parents, Orange takes its responsibility for young people very seriously. The Group has understood that, in spite of the undeniable interest in mobile phones, the use of terminals and their services can bring real challenges. The guides address these concerns in a clear and understandable language. Featuring 'Discussion points', Orange shows that it understands the practical problems parents face. These discussion points offer different ways of breaking the ice, helping parents to address important subjects for protecting their children's safety – just what all parents want."

impact of electromagnetic fields

taking stock of research

We are constantly monitoring any emerging scientific issues linked to all the research carried out on electromagnetic waves at national and international level. We also encourage the development of additional independent research on these matters.

Several hundreds of studies into electromagnetic waves are referenced in the World Health Organization (WHO) database, available online at: www.who.int/peh-emf/en/. These studies are regularly assessed by groups of national and international experts.

During the WHO conference on electromagnetic waves in July 2005, the analysis of scientific results confirmed that at levels of exposure below the recommended international thresholds, no negative health effects have ever been detected.

In May 2006, the WHO published a new guide on base stations and wireless networks, concluding that "given the very low levels of exposure and the findings from research to date, there is no conclusive scientific proof confirming the possible harmful effects of base stations or wireless networks on health".

As far as mobile telephones are concerned, the same experts consider that no health risks have been identified, but further scientific research is recommended.

expertise built up by the Group

Our researchers have been working for over ten years to better understand electromagnetic waves and measure the impact of any solutions developed. They have notably designed software to visualize electromagnetic fields in 3D (EMF Visual), making it possible to determine the safety zone required around a relay mast.

An individual dosimeter has also been developed in line with an industrial partnership, making it very easy to measure the intensity of waves issued in the environment, and in this way conduct major epidemiological studies.

We are making our expertise on dosimetrics available to support research work on electromagnetic waves.

In France, we have contributed to the Adonis project (www.tsi.enst.fr/adonis), following on from the Comobio program (www.tsi.enst.fr/comobio/), launched to conduct dosimetric analyses of third-generation mobile telephone systems. Our contribution notably aimed to characterize the absorption of waves by children's heads in order to determine whether the methods for analyzing the compliance of mobiles with basic restrictions were applicable for them.

The Group is also a member of the Fondation santé et radiofréquences (www.sante-radiofrequences.org), recognized as a public service in January 2005.

In the UK, we have been helping fund a wide-ranging research program on health and mobile telecommunications (Mobile Telecommunications Health Research program) since 2001.

In Spain, the Group is a member of the telephone infrastructure deployment committee, which aims to distribute knowledge on electromagnetic waves (www.sociedadamovil.org).

In Switzerland, we have helped fund a UMTS study carried out by the Swiss Mobile Communications research foundation (www.mobile-research.ethz.ch).

levels of exposure

masts

We respect the maximum values for general public exposure set by the ICNIRP* and recommended by the European Commission.

Various measurements carried out show that the actual levels to which people living and working near masts are exposed to represent only a few hundredths of these values. In the UK, the highest exposure measured by OFCOM* is 700 times below these limits.

In Romania, as requested by various town councils and resident associations, a campaign was carried out in 2006 to measure exposure levels at 60 sites, with the results being far below regulatory thresholds.

mobile telephones

Each mobile telephone model is characterized by a Specific Absorption Rate (SAR*), giving the maximum level of radio waves that users of this telephone may be exposed to.

All mobile telephones distributed by Orange in Europe have a SAR that is lower than the maximum value of 2W/kg set by the ICNIRP*. This has also been the case for our Egyptian subsidiary Mobinil since May 2006.

stronger focus on local consultation

In addition to regulatory requirements, our mobile activities apply the various provisions drawn up at national level by town councils and mobile operator associations.

In France, one example is the “best practice guide” drawn up in April 2004 by the association of French town councils and the French association of mobile operators.

In the UK, a “10 commitments” guide has been created by town councils and the Mobile Operators Association (MOA). In 2006, the mobile telephone sector was also involved in work to draw up a code of best practice on the development of mobile telephone networks, with the Prime Minister’s office.

In Spain, mobile operators and the federation of municipalities and regions (FEMP) signed an agreement to work together to create a best practice guide for the deployment of masts. Another agreement aims to set up an information and technical advisory structure for municipalities.

These best practice guides are making it possible to build closer ties between the operator and the town council upstream of the installation or modification of relay masts, while better informing the local population. Exposure measurements are carried out free of charge and on request by independent control offices. These measurements are then made public on national sites such as the national frequency agency in France (www.cartoradio.fr),

the Office of Communications (OFCOM) in the UK (www.sitefinder.ofcom.org.uk) or the Department of Industry, Tourism and Commerce in Spain (www.mityc.es/nivelesexposicion). In France, more than 7,500 measurements have been put online on the *Agence nationale des fréquences* site, confirming that the average level of actual exposure is far lower than the regulatory limits.

public information

Since September 2006, we have implemented a global strategy for all of our subsidiaries aimed at ramping up and harmonizing communications actions relating to the impact of electromagnetic waves. In this way, several of our subsidiaries are providing scientific and regulatory news and updates on their Internet sites, as well as links to leading organizations and associations or even the specific absorption rate for handsets sold in our networks.

Thanks to mobile operator associations, informative guides are already available in several countries: “Because we care about your health and safety” in Egypt, or “a mast close to home” and “My mobile and my health” in France.

We are communicating as widely as possible on the health authorities’ recommendations. In this way, in France or the UK, our mobile telephones are accompanied by a user manual that contains the specific absorption rate for the handset. In France, this manual also contains a “precautions for use” section, which notably gives advice on how to reduce exposure to radio waves. These recommendations include for example using a handsfree kit or calling in areas with a good quality of reception.

In Switzerland, we are supporting the Forum Mobil (www.forummobil.ch), a center for expertise and independent information on mobile telephony.

promoting solidarity

sustainable corporate philanthropy

In 2007, France Telecom celebrated the 20th anniversary of its corporate foundation, which was on this occasion renamed the “Orange Foundation”. This new name reflects our commitment to federating all the corporate philanthropy initiatives carried out by our subsidiaries by making them more consistent and strengthening their visibility. It will also make it possible for all employees, and notably the 82,000 who have been working under the Orange brand for several years outside of France, to identify more closely with the Foundation and support its actions.

Around the world, we are rolling out a corporate philanthropy approach built around three priorities:

- health, creating ties with autistic people and contributing to improving independence and quality of life for people with visual or hearing impairments;
- education, focusing on educating girls in developing countries and fighting against illiteracy;
- culture, supporting collective vocal music initiatives, and creating strong ties.

The projects supported are selected by the various expert committees set up for each one of these key areas. These committees, made up of prominent figures chosen for their expertise in the field concerned, will meet two to four times a year.

support for autistic people and their families

Autism is a mental development disorder that results in difficulties with social interaction and medical communication. The Foundation has been working for fifteen years alongside various associations for parents of autistic children and the world and social organizations. Through our support for medical research, we have made a significant contribution to major scientific breakthroughs, notably on the genetic origins of autism. We are also funding various projects

aimed at improving the daily lives of autistic people and their families: creating drop-in centers, training up professionals and families, organizing leisure activities and holidays, etc. Lastly, we are also supporting a number of associations that are committed to developing recognition of autism. In 2006, the Foundation supported 91 projects and 16 research programs and grants on autism.



interview

with Olivier Tcherniak,
General Secretary
of the Orange Foundation

“France Telecom’s main mission is to facilitate communication. And we know that for many people, due to their disability, their health or their social situation, communication difficulties represent a source of exclusion and suffering. That is why the Group, through its Foundation, is extending its mission in the entirely non-commercial field of corporate philanthropy. Our commitment alongside various associations and professionals is making it possible to help people who can only communicate a little or not at all to overcome these obstacles and break out of their isolation. Naturally, our corporate philanthropy policy is fully in line with the heart of our business: creating ties between people. This commitment is firmly anchored within the business and represents to a certain extent our DNA. Corporate philanthropy is also contributing to strengthening our company culture, giving our staff a sense of purpose again for their day-to-day missions. This is, I believe, an essential condition for our success.”

examples of achievements in the various countries

- in Belgium the association created by Mobistar has signed a three-year partnership with seven universities and two of the leading associations for parents of autistic children to carry out awareness-building, information and training programs;
- in Spain, France Telecom has signed a three-year partnership with the Robotics Institute at the University of Valencia to develop learning and communications-support tools for autistic people;
- in France, the voluntary association for autistic people groups together staff volunteers who regularly give their spare time to accompany young autistic people and give their families a break, supervised by more experienced network coordinators and supported at national level by a volunteer coordinator;
- in Switzerland and Slovakia, a staff volunteer program has been set up to make it possible to support various projects, notably for autistic or disabled people.

support for the visual or hearing impaired

We are committed to improving the quality of life for people who are fully, significantly or severely blind, focusing on two areas for intervention:

- ensuring access to education, information and culture, with the objective of facilitating reading,
- enabling people to be independent.

With regard to hearing impairments, the Foundation is primarily working to facilitate teaching and the distribution of various means of communication such as French sign language (FSL) and French cued speech. It is also supporting the creation of suitable housing adapted for deaf people with multiple disabilities.

In 2006, the Foundation supported 14 projects supporting the visually impaired and 25 projects for the hearing impaired.

examples of achievements in the various countries

- in France, the Foundation is supporting the distribution of the Daisy technology, making it possible to access books in digital audio format;
- in Poland, the TP Foundation is developing the “sounds of dreams” program for the early diagnosis of deafness and hearing impairments in children, as well as training up professionals and providing support with equipment;
- in Romania, a partnership with the Light Into Europe foundation aims to improve education for deaf and blind children;
- in the United Kingdom, Orange UK employees raised 200,000 euros for Sense, an NGO, and the leading association providing support for blind and deaf people.
- in Senegal, Mali and the Côte d’Ivoire, the Group is funding hospital trucks for diagnosing and treating cataracts, notably in rural areas;
- in Slovakia, the Culture Without Barriers program funded 21 cultural projects for disabled people in 2006, with a total budget of 26,550 euros.

educating girls in developing countries

More than 120 million children in the world are deprived of the right to education around the world. In developing countries, girls must generally overcome more barriers than boys to go to school and complete their schooling. However, educating girls represents a powerful means of economic and social development in these countries. Aware of what is at stake here, with the support of our subsidiaries in Senegal, Mali, the Côte d’Ivoire and Madagascar, we have set up a partnership with UNICEF aiming to facilitate access to schooling and keeping girls in school. Nearly 20,000 children have already been helped by various projects to renovate schools or improve sanitation conditions.

microfinance supporting women's education

Orange has been funding the PlaNet Finance association each year since 2002, as part of a three-year partnership that was renewed in February 2005.

This partnership makes it possible to support several microfinance projects around the world, focusing on education and professional integration for women. In this way, our partnership with PlaNet Finance in Senegal is making it possible to support a training and awareness-building program for young people and women on new technologies



examples of achievements in the various countries

- in Cameroon, staff have set up an association made up of 108 women volunteers carrying out solidarity actions, notably for children (150 children sponsored);
- in Egypt, Mobinil is a partner for the Injaz project to support education for young people and prepare them for work;
- in Madagascar, in line with the UNICEF partnership, the "Big sisters" program has been launched in 170 primary schools, enabling 1,360 young girls to remain in school, encouraged by voluntary "Big sisters".
- in Switzerland, an SMS donation campaign has made it possible to collect 20,000 euros for the UNICEF girls education program;
- in Vietnam, we are working in partnership with an international emergency medical services provider to reintegrate and educate young street girls in Ho Chi Minh City.

KEY FOUNDATION FIGURES

- Over 5,000 requests for funding received each year
- 450 agreements signed per year
- In 2006, more than 10 million euros distributed around the world
- 17 countries covered by corporate philanthropy projects

the fight against illiteracy

Reading, writing, counting, developing practical reasoning capabilities... adults who have not yet mastered these “basic skills” in developed countries are often faced with social and professional integration difficulties.

In 2005, we decided to get involved in the fight against illiteracy by supporting adults experiencing difficulty with writing and these basic skills.

examples of achievements in the various countries

- in Egypt, the Foundation and Mobinil are supporting the “Friends of high Egypt” association for adult literacy (550 adults trained up);
- in France, the foundation supported 67 projects in 2006 covering the fight against illiteracy, with a wide range of organizations (major charities, social centers, training organizations, local associations, integration projects, etc.). More than 3,000 students and 700 volunteer accompanying staff have benefited from this support;
- in Madagascar, a partnership has been signed with ENDA Océan Indien (*Environnement, Développement et Action*) to encourage the professional integration of young street people through literacy programs and training for educational coordinators.

promoting vocal music

Due to its universal nature, group vocal music is an ideal expression of communication.

Since its creation in 1987, the Foundation has been supporting vocal music groups covering classical, jazz and world music. More specifically, it has been working with young artists, leaders and vocal groups, which needed financial support in order to develop. Over the last twenty years, 90 groups and choirs have been supported in this way.

We support training and professional integration initiatives for young singers, as well as projects facilitating the access to music for all audiences.

examples of achievements in the various countries

- in France, the Foundation has supported training initiatives at the Banlieues Bleues jazz festival and the Blues sur Seine festival to promote music among young people from the Seine-Saint-Denis area;
- in Mali, the Group is a partner in the Essakane Desert Festival, which brings together musicians from all the Tuareg tribes each year;
- in Senegal, marking the hundredth anniversary of Léopold Sedar Senghor’s birth, the Orange Foundation and the Sonatel Foundation supported the creation of a “*Le Requiem Noir*” oratorium, with 150 Senegalese choir members and a French vocal group. This production will be playing in France in May 2007, with African choirs participating in France.

promoting intercultural dialogue competition

For three years, Orange has been organizing a based on a partnership with Unicef, to reward the best initiatives promoting of intercultural dialogue in Switzerland. The winner in 2006 was the Zurich-based association Klipp & klang radiokurse (www.klippklang.ch) for its podcast game called – “Our class speaks several languages” – enabling children to discover specific linguistic features from different cultures in a playful way.

our environmental responsibility

France Telecom respects the natural environment in all the countries in which we operate. Aware of our responsibility towards the environment, we are committed to effectively managing energy and material consumption, and incorporating environmental concerns into our activities, products and services.

review of 2006

objectives set at end of 2005	deadline	status	details
environmental management			
setting up of a system for monitoring European health, safety and environmental regulations	2006	✓	see page 53
launch of a "green gesture" awareness-raising campaign	2006	✓	see page 53
implementation of an ISO 14001-compliant environmental management system within the Group	2006-2008	→	see pages 51-52
greenhouse gas emissions			
deployment of natural ventilation at certain technical sites	2007	→	see page 54
rollout of a high-quality environmental policy in new buildings	2006	→	
testing of electrical consumption measurements on two pilot sites	2006	→	see page 54
selection of low greenhouse gas emission vehicles	2006	→	see page 55
feasibility study for incorporating hybrid vehicles into the France Telecom fleet	2006-2007	✓	see page 55
paper consumption			
encourage clients and employees to use electronic invoicing	2006-2007	✓	see page 60
products at the end of their lifecycle			
WEEE: study how the regulation is applied in each country to ensure compliance reorganize the different channels in France	2006	→	see page 56
greater traceability for all wastes and visibility over their recovery	2006-2008	→	see page 57

- ✓ objective met
- project underway
- ... objective not met



roadmap for 2007

objectives	deadline
environmental management	
continue deploying the environmental management system within the Group in line with ISO 14001	2007-2008
roll out "green gesture" awareness-raising actions in our main European business units	2007
greenhouse gas emissions	
continue with efforts to reduce consumption: network, vehicles, transport, buildings	2008-2012
paper consumption	
continue with efforts underway to reduce paper consumption	2007-2008
products at the end of their lifecycle	
develop and set up Group guidelines for waste management	2006-2008
environmental performance of products	
test a first range of green products in our distribution channels	end of 2007

rolling out our environmental policy

Launched in 1996 with the signature of the ETNO environmental charter, our environmental policy is built around two strategic areas:

- acting as an exemplary business by reducing our environmental impacts through a process to continuously improve our performance;
- developing innovative products for society in general (businesses, local authorities, individuals), as well as helping protect the environment, notably by reducing greenhouse gas emissions through: tools and technologies for teleconferencing, telecommuting, e-learning, remote medical or technical diagnoses, etc.

continuously improving our process

Our environmental policy is gradually being rolled out within the Group.

The priority actions are put down in a road map which is being updated yearly and adapted locally depending on the specific needs of the units.

In 2006, our efforts therefore focused on:

- the implementation of actions to reduce our CO₂ emissions: rationalizing energy consumption (networks and buildings), promoting renewable energies and clean fuel vehicles, reducing business trips, etc.;
- the implementation of the WEEE* principles in our activities, by country, taking into consideration our obligations as producers and distributors both for household and professional WEEE;
- rolling out environmental management systems in our various business units;
- launching ecodesign approaches ensuring that environmental performance criteria are taken into account for our products and strategic management projects.

dedicated teams

The implementation of the environmental roadmap is based on a network of environmental correspondents, with around 30 people spread over the different countries in which the Group is present, supported in turn by a network of stakeholders in the various functional divisions.

The environment and sustainable development office coordinates and oversees the program of actions, providing the countries with technical and methodological expertise on key issues such as waste, the environmental management system, energy or inhouse awareness on environmental issues.



solar panels and wind turbines on the Elan Valley site (United Kingdom).

environmental management systems rolled out in all countries

We are setting up an environmental management system (EMS) in our main countries based on the international ISO 14001 standards.

a global framework

The environment and sustainable development office has drawn up a frame of reference and provided methodological support for project leaders who are responsible for its implementation in the various countries.

Available to all on the Group intranet in both English and French, this frame of reference comprises:

- a dedicated methodology for managing such projects,
- Group processes and tools in key areas, such as risk and impact analysis or managing regulatory compliance,
- guides and checklists to support a detailed audit of the EMS and its key components.

Key steering indicators, consistent with the project management methodology and the main requirements under ISO 14001, make it possible for country project leaders to effectively manage their approach and provide regular reports.

The management framework and key EMS indicators enable the various units to compare their performance levels based on objective criteria, facilitating the sharing of experiences.

In 2006, our main countries mapped out their significant environmental impacts and risks, incorporating them into their environmental management program.

deployment tailored to the local context

The decision to implement ISO 14001 certification into the EMS is left up to each country.

Some have already been ISO 14001-certified for all or part of their activities, including France Telecom Marine, Mobinil (Egypt), and our mobile operations in Spain, France, Poland and Slovakia.

roll-out in France

In France, four EMS approaches are being rolled out: FTSA* technical sites, mobile activities, R&D (five sites) and FT Marine (three sites certified since 2001).

Mobiles, for all sites and activities have been ISO 14001-certified since May 2005. Orange is the first mobile operator in France to have received this certification. In 2006, its Orange Excellence management system achieved triple ISO 9001, ISO 14001 and "Orange s'engage" (certified services) certification. This shows how the environment is fully integrated into day-to-day process management.

The EMS deployment on the 1,600 FTSA technical sites picked up pace over the first half of 2006. By July 1, 2006, the deployment rate was up to 53%, compared with 38% at the end of 2005, one month ahead of schedule. The restructuring program carried out over the second half of the year means that it is difficult to measure the deployment rate at the end of 2006 on a comparable basis.

Particular attention has been paid to training up project teams, as well as to analyzing incidents, with a dedicated intranet tool developed. The decision was taken to carry out a first campaign of integrated HSE audits in 2006 in order to collect best practices and strengthen synergies between environment and health and safety at work areas.

roll-out in Spain

Orange has an ISO 14001 certified EMS covering all mobile activities and sites (25 service sites and approximately 15,000 network sites). This certificate was originally obtained by the mobile operator Amena, which was merged with FT Spain in 2006.

At the end of 2006, FT Spain launched an EMS project for its other service sites and technical centers as well as for the fixed network, looking to get all of its activities certified.

roll-out in Poland

Mobile activities are ISO 14001-certified.

roll-out in the United Kingdom

A program is underway to set up an integrated HSE management system based on the OHSAS 18001 and ISO 14001 standards.

roll-out in Slovakia

In Slovakia, mobile activities have been certified since May 2005. In 2006, the decision was taken to launch a program aimed at effectively managing any environmental impacts linked to service provider activities. To achieve this, service providers have been divided up into categories and dedicated tools have been developed. This program, targeting the effective management of indirect impacts linked to our activities, will continue over 2007.

roll-out in Africa and the Middle East

Our mobile activities in Egypt have been ISO 14001-certified since 2001. This management system is set to change in 2007 in order to incorporate health and safety activities (OHSAS 18001).

In spring 2006, our subsidiaries Sonatel (Senegal), Côte d'Ivoire Telecom and Jordan Telecom began building an ISO 14001 environmental management system for their most significant sites in terms of environmental impacts and risks. At the end of 2006, the EMS deployment rate on the scope retained was 35% for Sonatel and Côte d'Ivoire Telecom, and 50% for Jordan Telecom. The progress made by Jordan Telecom has been particularly remarkable, since efforts to set up the EMS only began in April 2006.



interview with Amin Issa,
Jordan EMS project manager

“We began setting up our environmental management system in April 2006. Through a structured approach, we have been able to define an action plan to ensure compliance with future regulations. This has also been a great help in terms of strengthening environmental awareness among our employees, ensuring that they make these small changes on a daily basis, making it possible to prevent pollution and reduce our impacts on the environment.”

ongoing efforts to raise awareness among staff

In connection with the implementation of EMS, we are providing environmental training and raising awareness on such aspects among our employees, enabling each one of them to better understand current and future environmental issues and take them into account on a daily basis.

In 2006, we took the opportunity of the European Mobility Week to raise awareness among our staff with regard to sustainable development. Various actions have been carried out in a dozen or so business units in France and several European subsidiaries. At the new Orange France head office in Arcueil, a presentation of various tools for promoting alternative means of transport to the individual car was organized in conjunction with the French agency for environment and energy management (*Agence de l'Environnement et de la Maîtrise de l'énergie, Ademe*). This initiative was praised by Nelly Olin, the French Minister for Ecology and Sustainable Development. In the UK, communications actions have focused on business trip planning, presenting the findings from a questionnaire on transport use. In Spain and Slovakia, intranet-based communications have made it possible to raise awareness among employees in relation to climate change issues. Lastly, Romania has carried out initiatives to promote public transport and car sharing.



e-card sent out to staff to raise awareness on energy saving

Because every little gesture counts in terms of protecting the environment, we are also encouraging our employees to adopt the right reflexes on a daily basis. In this way, France launched a “green gesture” awareness campaign in 2006. Five e-cards have been sent out to employees on the subject of saving electricity, reducing paper consumption, the electronic invoicing option for our clients, reducing business trips and recycling printer cartridges. This campaign will be adapted in 2007 to be rolled out in other countries.

monitoring of facilities

Our activities do not involve any major environmental risks. However, we monitor any of our facilities that could adversely affect the natural environment, such as fuel tanks or cooling systems, very closely.

In this way, we carry out regular inspections to prevent the risk of legionnaire’s disease linked to humid air cooling towers. We also launched a program to replace air cooling towers with “dry” cooling systems in 2006. No instances of contamination were reported in 2006 on the 80 air cooling towers of France Telecom SA.

As far as hydrocarbon storage facilities are concerned, we are gradually replacing single shell tanks with double shell tanks, ensuring better protection for the ground and water tables.

To ensure the regulatory compliance of our facilities, we have set up a system for monitoring regulatory changes and developments both in France and at European level, strengthened in 2006 thanks to support from a specialized service provider. In this way, the main regulations concerning our activities have been identified and made available to operational managers and to all the stakeholders involved in the environmental policy over the intranet.

participating in the fight against climate change

Our activities generate relatively limited quantities of greenhouse gases, linked mainly to energy consumption from telephone network infrastructures and buildings, as well as emissions from our vehicle fleet and business trips by our staff. However, at our level, we are determined to contribute to the objective of combatting climate change, which we see as a major environmental issue. We are supporting the Factor 4 objectives, aiming to cut greenhouse gas emissions by 4 by 2050. Objectives have been set to work towards this in various countries.

optimizing energy consumption

We have rolled out an energy consumption monitoring system for our various activities based on several methods: analysis of meter readings, power consumption evaluation models making it possible to aggregate data on a given site, use of a probe to measure a building's energy efficiency in real time, energy reporting covering all business units.

A "network energy" working group identifies the best energy performance practices implemented within the Group and is testing out a number of promising new possibilities. These include optimized ventilation, a solution patented by France Telecom, making it possible to harness the drop in temperatures over night and the thermal inertia of buildings. In this way, it avoids the need to use a cold production system and the associated cooling gas emissions, while reducing power consumption by six to seven times compared with standard air-conditioning units. At the end of 2006, 230 sites in France had optimized ventilation systems. We are also taking part in the ETNO energy working group, making it possible to share best practices with other businesses from our sector. In 2006, we contributed to the development of a best practice guide for energy performance in the telecoms industry.

using renewable energy

For more than thirty years now, France Telecom has been involved in research into the application of renewable energies for its activities. In this way, we installed the first photovoltaic system in 1975 in New Caledonia. In 2006, 7% of the energy consumed by the Group came from renewable sources, preventing 152,120 tons of CO₂ emissions.

In Senegal, 300 sites are powered by solar energy.

In Madagascar, 9 sites are powered by solar energy and 40 more will follow.

In Egypt, 11 sites located in fragile ecological areas are powered by solar panels. A study is underway to roll out solar power at 100 sites in isolated areas.

In the UK, our mobile activities use 100%-renewable-energy supplies.

In Switzerland, a pilot project is looking into the roll-out of solar panels on base stations.

Some wind power facilities are also being tested within the Group.

To take our commitment even further, we oversaw a study in 2006 looking into the potential for renewable energy in European countries.

Current research is focusing on the use of alternative new energies, such as fuel cells, which could in time replace power generators.

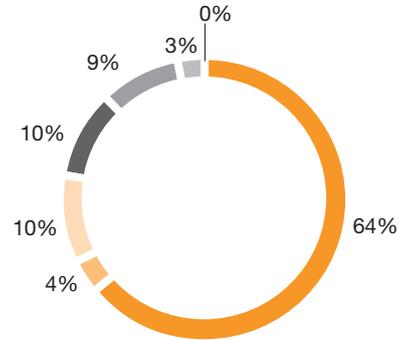
deploying modernized vehicles

We are constantly modernizing the company's vehicle fleet, preferring models with the lowest levels of CO₂ emissions. In France, efforts to renew the fleet were accelerated over 2006, with the integration of 7,000 vehicles, of which more than a half run with an emission rate of less than or equal to 130 g CO₂/km, which represents a reduction in CO₂ emissions by some 3,000 tons.

In 2006, our purchasing division launched a review with a number of leading automobile manufacturers to reference clean vehicles (notably electric) in the Group's catalog. This work is scheduled to be completed in 2007. Hybrid vehicles are also being tested in various countries. In 2006, we also launched a study into the use of biodiesel and bioethanol with other companies.

cutting emissions linked to business trips

Our employees' business trips (train and plane) account for around 3% of our greenhouse gas emissions, in addition to emissions linked to daily journeys to and from work. For several years now, we have been promoting more environmentally-friendly means of transport, putting in place systems designed to prevent use of cars by individual employees. In the UK, several sites have launched initiatives in this area since 1997. The travel plan for the Bristol site and the Lyons site in France have been included in the best mobility management practices in line with the European Mobility Management Day project (www.emma-day.info) organized by the European Commission. In France, a dozen business travel plans are in place, making it possible to promote the use of public transport, car sharing or cycling. In Switzerland, an initiative is also encouraging the use of car sharing. Several actions were organized during the European Sustainable Mobility Week to build awareness of sustainable mobility issues (see page 51). Remote work tools are also making it possible to significantly reduce business trips (see page 60).



Breakdown of CO₂ emissions by source (energy and transport), 2006, FT Group

Electricity 935,206 t	Not emitted CO ₂ 152,122 t
Gas 58,981 t	Fuel 137,094 t
Vehicles 151,724 t	Trains - planes 40,855 t
	Other (coal) 0 t



interview with Marc Aubree, telecoms ecology project leader, R&D Division

“Committed to an ecodesign approach for equipment, France Telecom’s R&D Division is making a particular effort on innovation linked to reducing energy consumption or using clean energy sources. Examples include fuel cells, Stirling* external combustion machines, which can also be used in micro-machines to charge up mobiles, as well as high-performance photovoltaic cells. In terms of the power supply architecture, high-voltage direct current (HVDC) will make it possible to improve energy performance levels for large IT centers. The air conditioning sector, which accounts for a significant percentage of power consumption, is already benefiting from innovations linked to the use of optimized ventilation with an original use of cool air. The use of phase-change materials also seems to represent a promising prospect.”

managing the end of product and equipment lifecycles

We are setting up various collection and processing systems adapted for each kind of waste, in accordance with the environmental regulations in force. When possible, we extend the useful life of products and equipment, focusing primarily on recycling and reclamation solutions offering the best balance between environmental efficiency and effective control over costs.

waste electrical and electronic equipment

The European directive on waste electrical and electronic equipment (WEEE*) requires selective collection of WEEE and encourages their reuse or recycling. It notably requires businesses distributing such equipment to consumers, such as France Telecom, to handle the recovery of old units for each purchase of a new appliance of the same type. However, the conditions for applying this directive vary from one member state to another, depending on how it has been transposed into national law.

In order to ensure that our facilities are compliant, we drew up a detailed inventory of developments for our European subsidiaries in each country over 2006.

- In Spain, we participate in a collective system for recovering mobiles with the Tragamóvil initiative.
- In France, a separate channel is set up for the recovery of internally produced professional WEEE (computers, network

a collective initiative in Spain

Our mobile telephone subsidiary is taking part in Tragamóvil, a pioneering system in Spain for the selective collection and recycling of used mobile handsets and accessories. This initiative brings together all the stakeholder involved in the lifecycle of mobile telephones: manufacturers, mobile telephone operators, distributors, recyclers, public bodies and consumer associations. The project has set up a network of over 300 collection points throughout Spain.

To find out more, visit: www.tragamovil.com.

equipment, etc.) and WEEE returned by professional clients (PABX*, routers, etc.).

For "household" WEEE (telephone handsets, faxes, modems, etc.), we have been members of the eco-organization Eco-Système since November 2006, accredited by the French authorities to manage this channel.

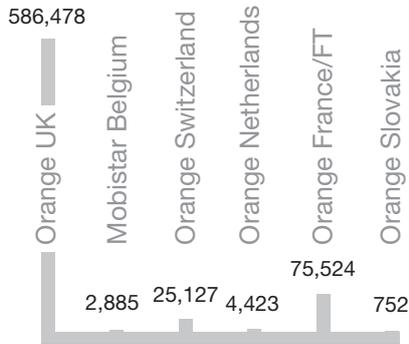
- In Poland, we have entrusted Biosystem Elektrorecycling with the management of our obligations with regard to professional and household WEEE.
- In the UK, the regulation will be fully applicable from July 1, 2007. Our business units are working to put suitable processes in place.
- In Belgium we are members of Recupel.
- In the Netherlands, Orange is Member of ICT Milieu, the collective system for the collection and procession of WEEE, which specializes in the information and telecoms sector.
- In Romania we are currently working with a service provider specializing in the collection of products and implementation of WEEE.
- In Slovakia, individual systems are set up.
- In Switzerland, Orange is a member of the SWICO association, which disposes of faulty electronic equipment, while protecting the environment.

However, other countries not directly concerned by the WEEE Directive are contributing to supporting the WEEE recovery initiatives. In Switzerland, Orange is a member of the SWICO association, which disposes of faulty electronic equipment, while protecting the environment. A brochure on recycling mobiles is also given out to clients.

a second life for mobile phones

Today, thanks to design efforts and technological breakthroughs, 85 to 90% of mobile components are recyclable on average. Setting up a specialized collection and reclamation channel makes it possible to transform a mobile at the end of its lifecycle into useful waste.

Some of our units have, even before the implementation of the WEEE principles, set up mobile collection initiatives, supported by specialized firms like Fonebak. This system made it possible to collect almost 700,000 mobiles in six of



Quantity of mobiles collected at points of sale for each country

our main European subsidiaries over 2006. The collected mobiles have been reconditioned and resold in various countries in Eastern Europe, Asia and Africa at highly accessible prices. In this way, they are making it possible for a population that often does not have a fixed telephone line to access communication technologies. Any units that are out of order are dismantled and their components recycled.

selective sorting of office waste

Selective sorting of paper waste is gradually being set up in our various units, so in France on sites with over 100 employees. A communication campaign, “Green Gestures”, has helped to raise the awareness among our staff of the system’s importance. In 2006, 746 tons of paper waste was recycled in France, Poland, Slovakia, Romania

raising of used submarine cables

Numerous submarine cables are building up in our seas and oceans. Although they do not represent a threat to the environment, FT Marine is offering its clients the possibility to raise their cables at the end of their useful life in order to fulfill their obligations. This service may even go as far as destroying cables at the end of their useful life by an ISO 14001 certified company, recycling and reusing materials where possible.

and Egypt. Simple measures such as configuring printers to print on both sides of paper are also helping reduce the production of waste at the source.

greater visibility over waste

Our responsibility does not stop with the collection of our waste. Indeed, we carefully track the destination of our waste, ensuring that our service providers apply treatment systems in line with environmental requirements.

In this way, the procurement department mapped out the treatment channels for the main types of waste collected in France (WEEE, common industrial waste, cables, batteries, wooden poles) over 2006. This information is available on the intranet, enabling each stakeholder in the environment network to ensure that products reaching the end of their useful life are passed on to authorized service providers. This is also making it possible to effectively respond to requests from auditors during the ISO 14001 certification process.

Similarly, we have contributed, with other businesses, to the creation of a manual for professional WEEE treatment services in France.



raising of submarine cables in the Mediterranean sea.

safeguarding landscapes and biodiversity

integrating infrastructure into the landscape

Aware of the visual impact of our infrastructures, we have been making major efforts for several years now, working with local stakeholders, to integrate landlines and relay masts into the landscape.

We are also applying integration principles into new sites and into the redevelopment of existing facilities.

In France, our mobile branch has been part of the AFOM* working group on landscape integration best practices for relay masts since 2003.

In addition to solutions such as inter-operator site sharing or setting up facilities on existing sites (water towers, buildings and high points), we are implementing innovative engineering solutions and specific developments designed to make masts less visible. In this way, landscape architects are used to make the masts as discreet as possible.

To stimulate the creativity of mobile networks in terms of landscape integration, an in-house challenge – “portrait of an mast” – was launched in 2005 and repeated again in 2006.

With regard to landline infrastructures, our efforts are focusing on the burial of lines. Since 2002 in France, more than 8,000 km of lines have been buried, and over 180,000 polls taken down. An agreement signed with the French association of mayors (*Association des maires de France*) and the national federation of licensing authorities (*Fédération nationale des collectivités concédantes et régies*) aims to facilitate and accelerate the implementation of this network burying policy. In this context, 31 million euros have been set aside for the landscape integration of landline networks in 2006.

protecting wildlife

Hollow metal poles represent a danger for a considerable number of species of birds and small mammals. Indeed, they trap so-called cavernicolous birds (tits, nuthatches, woodpeckers, owls) and certain small mammals (squirrels, dormice) that usually nest in cavities. Looking for a nesting site, they enter through the top of the poll and fall to the bottom of the tube, where they are trapped. To protect this wildlife, we are implementing a program to block up metal poles in conjunction with several environmental associations.

In France, each year we carry out numerous visits to make sure that all the poles are blocked off. After the agreement signed in 2005 with LPO Aquitaine, we signed a further agreement with LPO and Oiseaux-Nature in 2006 to block off the 33,238 metal poles in the Lorraine region.

In 2006, 189,233 valves have been installed, of which 4,000 in Lorraine.



masts integrated into the landscape: former Pornichet Casino, Loire Atlantique region, France.

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of poles removed		28,300	28,000	23,000	23,000	43,400	42,800	41,500	42,000	38,600	34,200	31,200	39,723	46,460
Length of buried cable	2,000	3,000	2,800	2,500	1,700	1,900	1,850	1,800	1,850	1,790	1,400	1,240	1,723	2,020

safeguarding biodiversity in Romania

The countryside in the south east of Transylvania is home to very rich flora and fauna, with a number of species under threat worldwide. Since 2005, Orange has been providing financial support for the Adept Transylvania Foundation in order to safeguard biodiversity over a 100,000 hectares region. The abandoning of pasture land, an irrational forestry management approach or the intensification of agriculture all represent threats to biodiversity, which can only be protected with the support of local communities. This project is notably helping farmers to maintain traditional agricultural practices, while ensuring additional sources of income (agrotourism, crafts). In 2006, marketing training was provided for farmers and several awareness-raising initiatives were carried out with local populations so that they can learn to respect this natural heritage. The project has also made it possible to get 95,000 hectares classed as a Natura 2000 area, making it the largest ecological interest site in Romania.



Romania: protecting landscape.

reducing our impact thanks to new technologies

As a telecommunications service operator, we must be exemplary, demonstrating the benefits of information and communication technologies in reducing our own environmental impacts.

tools for limiting business trips

Several remote work tools and cooperative systems are making it possible to reduce the number of business trips that our employees need to make: conference calls, videoconferencing, remote document sharing, etc. These tools are becoming increasingly popular within the Group, helping limit our greenhouse gas emissions, reduce our transport costs and improve our individual and collective productivity.

The Coop'Net tool, developed in France, is making it possible to organize conferences over the Internet by sharing working documents. In 2006, it exceeded the one million conference mark since it was launched in 1999. This tool is often combined with a conference call, making it even more efficient and effective. Its success is notably down to its user-friendly design (a patent has been filed for the conference access system). According to our estimates, Coop'Net conferences for more than two people have prevented some 1.2 million individual trips in 2006 (train, car, plane), contributing in this way to reducing our greenhouse gas emissions.

Real-size videoconferencing (RealMeet) is another very popular tool. In 2006, 1,000 medium or long-haul flights could be avoided thanks to this tool, representing more than 2,000 tons of CO₂ savings.

making dematerialization, a reality

Electronic invoicing reduces our consumption of not only paper, but also ink and electricity, as well as preventing emissions linked to mail transport. Several countries are promoting this solution with their clients.

In Egypt for example, three electronic invoicing options are open to clients: invoices based on CD-ROM (available for all business clients), SMS (32,625 clients and employees) and the Internet. In 2006, electronic invoicing for business clients made it possible to save close to 10 million sheets of paper. In Spain, 80% of fixed telephone line retail clients have signed up for electronic invoicing. In France, the partnership with the WWF on electronic invoicing for fixed-line telephone services was renewed over the second half of 2006 and ramped up to cover mobile and business clients. In 2006, the mobile activity convinced nearly one million clients to opt for electronic invoicing, representing more than eight million invoices not sent and saving some 165 tons of paper.

The dematerialization of invoices for business clients also made it possible to save 16.5 tons of paper over 2006, representing 5.2 tons of CO₂ savings, according to ADEME (Agence de l'Environnement et de la Maîtrise de l'Énergie – French agency for environment).

telecommuting: a solution helping safeguard the environment

Orange Business Services has set up a policy to promote telecommuting, based on innovative tools and a contractual framework adapted to the local context.

In the US, around 34% of staff is telecommuting full or part time. This approach is based on an original solution: FlexPlace. This desk booking software makes it possible to limit the office space needed, generating substantial savings on water, electricity and heating. By limiting daily trips to and from work, FlexPlace is also helping in the fight against air pollution and climate change. In the US, this solution won the CoreNet Mid-Atlantic Best New Workplace Solution Award in 2006.

In Canada and Sweden, telecommuting concerns around 10% of Orange Business Services staff, while this solution is also being developed in other countries such as Brazil, the UK and Germany.

improving the environmental performance of our products

Although we do not directly manufacture any products, the environmental performance of products distributed in connection with our services is very important for us.

Several initiatives are underway to assess the environmental performance of our products and services, promoting the ones that perform best.

In this way, our scorecard for assessing economic, environmental and community impacts makes it possible to factor in the performance of future offerings as of the design stage (see page 27).

To take our commitment even further, the environment office and the strategic marketing team have, in partnership with our suppliers, launched a project on ecologically responsible products.

It aims to provide our clients with detailed information on the environmental impacts of our products and test their reactions.

Working with the various manufacturers will make it possible to apply ecodesign methods as of 2007 in order to minimize the levels of energy and materials used, while increasing the recyclability of products. In this way, the new generation of Liveboxes have benefited from such an approach.

A packaging taskforce has also been set up, bringing together all the stakeholders concerned, with its first work expected in 2007.

Certain countries have also launched initiatives in this area. For instance, Slovakia has set up a packaging optimization program, aiming to reduce consumption levels for materials used for packaging and limiting the production of packaging at points of sale at client sites.

applying an integrated product policy to mobile telephones

Adopted by the European Commission in 2003, the Integrated Product Policy (IPP) is intended to reduce the environmental impact of products throughout their lifecycle.

France Telecom is taking part in the pilot project for IPP applied to mobile telephones. The multidisciplinary taskforce groups together industrial stakeholders (manufacturers of telephones and telephone components), telephone operators, recycling companies, research organizations and government bodies, as well as NGOs and consumer associations.

The first phase of the project involves looking into the environmental impacts of mobile telephones throughout their lifecycle, from the extraction of the natural resources used through to their final elimination. Analyzing the lifecycle in this way shows that the biggest impact is linked to energy consumption, both when manufacturing the various components and when using the product itself.

To find out more about this project, visit the European Commission site:
<http://ec.europa.eu/environment/ipp/mobile.htm>

about this report

This report concerns the overall performance of the France Telecom Group and its controlled subsidiaries. It aims at presenting the deployment of our corporate responsibility program and the fulfillment of our commitments to our various external stakeholders. It tries to provide in detail all the information regarding our main subsidiaries. The qualitative figures presented in this report cover almost 100% of our units. The quantitative figures refer to about 85% of our units.

All the currently known calculated figures of our major subsidiaries have been recorded to 100%.

The content of this report has been drawn up based on indicators selected by France Telecom in order to report on the main economic, social, community and environmental impacts of its activities on the regions in which the Group offers its services. These indicators have been chosen in line with the recommendations made by various leading international bodies such as the Global Reporting Initiative (GRI*) and the UN's Global Compact, as well as the main OECD guidelines.

The indicators have been collected, calculated and consolidated using a dedicated IT tool. The deployment of the Group's program in its main units as well as many of the assertions in this report, have been subjected to external verification (see pages 68 and 69).

The information presented is intended to meet the expectations of our various stakeholders. Further information is available in the corporate responsibility section on our Web site www.francetelecom.com, or on request from France Telecom's corporate responsibility and sustainable development office (contact details given on page 72).

Disclaimer

The France Telecom Group made significant changes to its organization in 2006. The new country-based organization defines new levels of reporting and consolidation, which means that it is not at all possible to compare data with previous years.

When interpreting performance trends between 2005 and 2006, these organizational changes must be taken into consideration.

The following annexes present some economic and environmental indicators from our reporting process. Further information regarding all indicators –economic, social and environmental– is available on our website www.france-telecom.com.

client data

2006

Customer satisfaction									
		Global		Large customers		Professional customers		Consumer services	
	Fixed-line/Internet	2005	2006	2005	2006	2005	2006	2005	2006
France	Fixed-line/Internet			32.2 (DCE) ⁽¹⁾		74.3%		76.5%	
	Mobile	74.0%	71.0%						
Poland	TP (Fixed-line)			57.6%	63.9%	53.5%	58.1%	59.6%	57.3%
	Mobile		75.0%	78.6%				81.4%	
United Kingdom	Mobile	73.1%	78.0%						
Spain	Fixed-line					96.0%		96.0%	
	Mobile		62.0%						
Belgium	Fixed-line			79.0%		80.0%		81.0%	
	Mobile		86.0%						
Netherlands	Mobile		72.0%					72.0%	
Romania	Mobile	85.5%	92.0%	86.0%		85.0%		86.0%	
Slovakia	Fixed-line			50.4%		50.1%		64.4%	
	Mobile		75.0%						
Switzerland	Fixed-line							80.0%	
	Mobile		76.0%					94.0%	
Egypt (Mobinil)	Mobile					69.0%		80.0%	

(1) In terms of excellence.

rewarded for quality of service

Several studies and surveys published in 2006 have profiled the quality and innovation of our products and services:

- at the World Communication Awards, Orange has received awards in the categories “Best Global Carrier” and “Best Mobile Operator”;
- at the Carrier Ethernet World Congress in Madrid, Orange Business Services won the award for “Best In Business”;
- in 2006, the market research company Telemark has named Orange Business Services Best Global Operator for Data VPN and Best Global Operator for Customer Support and Meeting Requirements; VPN and best global customer support and service provider;
- our 10 14+ customer service was awarded the “Golden Helmet” for best technological innovation at the 2006 SECA (European Conference on Calling and Customer Relations Centers) for its natural dialogue call qualification and receiving functionalities;
- the November 2006 TNS-ARCEP study ranked our 118 712 information service No. 1 in terms of service quality (availability and response accuracy). The 2006 UFC-Que Choisir ranking applying to the criteria of accuracy of response, proposals, contact success, and friendliness of its tele-advisors also ranked the 118 712 service far ahead of all its competitors;
- according to the 2006 summary report of complaints and lack of satisfaction, prepared by the French Telecommunications Users Association (AFUTT), Orange generated fewer complaints than any other Internet operator.

HR data 2006

country		Main countries				EME	
		Spain	France	Poland	UK	Belgium	Egypt
1 - total headcount (France Telecom @rche data)	Men	1,937	63,305	17,849	6,824	1,081	1,776
	Women	1,378	36,975	14,549	5,886	587	811
	Total	3,315	100,280	32,398	12,184	1,668	2,587
	% women in 2006	41.6%	36.87%	44.9%	46.5%	35.2%	31.3%
	Figure for 2005	44.0%	37.98%	46.0%	45.7%	33.6%	20.6%
2 - health and safety	Number of fatal accidents in 2006	0	3	0	0	0	0
	Figure for 2005	0	2	0	0	0	0
	Average number of days lost for sick leave per employee	3.1	10.1	7.6	9.2	6.5	2.8
	Existence of anti-stress measures	No	Yes	No	Yes	Yes	No
3 - social dialog	Existence of social dialog structures	Yes	Yes	Yes	Yes	Yes	No
4 - employment	Average age of staff	35.54	44.3	39	32	36.33	28.7
	Number of departures (excluding retirements, early retirements and accidental departures)	239	1,619	2,614	3,450	198	245
	in %	1.0%	1.6%	8.1%	28.3%	11.9%	9.5%
	Number of external recruitments	212	3,071	1,702	2,286	192	617
	in %	6.4%	3.1%	5.3%	18.8%	11.5%	23.9%
5 - diversity	Existence of a diversity management policy	Yes	No	No	Yes	Yes	No
	% of women managers in 2006	25.7%	29.80%	31.2%	28.8%	23.9%	19.8%
	Figure for 2005		29.95%	31.9%	29.0%	24.6%	15.5%

EME					AMEA					OBS
Netherlands	Dominican Republic	Romania	Slovakia	Switzerland	Côte d'Ivoire	Cameroon	Jordan	Mauritius	Senegal	OBS
855	460	1,056	863	885	1,106	296	2,467	1,305	1,241	12,728
456	412	1,019	483	398	517	170	519	434	541	5,011
1,311	872	2,075	1,346	1,283	1,623	466	2,986	1,739	1,782	17,739
34.8%	47.2%	49.1%	35.9%	31.0%	31.9%	36.5%	17.4%	25.0%	30.4%	28.2%
35.9%		53.4%	38.2%	32.1%		45.6%	14.7%	25.9%	27.0%	
0		0	0	0		0		0	0	0
1	0	0	0	0		0	1	0	0	0
8.0		4.2	7.6	6.8		9.9		3.0	2.0	
No	No	Yes	Yes	No	No	No	No	Yes	No	
Yes	No	Yes	No	Yes	Yes	Yes	No		Yes	
33	27.4	29.6	30	34	39.3	34	36.5	42	40.6	38.9
265	92	285	151	328	36	51	387	77	5	1370
20.2%	10.6%	13.7%	11.2%	25.6%	2.2%	10.9%	13.0%	4.4%	0.3%	7.7%
322	267	753	212	113	123	104	219	38	156	2,385
24.6%	30.6%	36.3%	15.8%	9%	7.6%	22.3%	7.3%	2.2%	8.8%	13.4%
No	No	No	No	No	No	No	No	No	No	No
22.3%	38.5%	39.9%	23.0%	17.8%	20.8%	26.2%	15.6%	8.3%	18.9%	23.4%
29.1%	40.0%	47.9%	23.7%	18.5%		27.4%	15.2%	8.5%	23.2%	

environmental data

2006

geographic regions	Correspondance GRI	Main countries				EME			
		Spain	France	Poland	United Kingdom	Belgium	Egypt	Netherlands	
environmental indicators									
facilities at risk									
fuel tanks			1,866	1,565	78			4	
– of which are single skin fuel tanks			1,271	319	6			2	
energy consumption									
– fuel (buildings) (m ³)	EN3		17,182	3,921	38	0		3	
– gas (m ³)			20,613,604	4,867,405	2,572,162	764,508		1,562,063	
– coal (t)				213					
– electric (GWh)	EN4	150	1,724	829	315	3.7	121.9	2.4	
of which is green energy (GWh)		0	46	0	315	0.0	0.1	0.9	
total energy excluding transport in GWh		150	2,130	917	317	11.7	121.9	18.8	
total CO ₂ emitted excluding transport (t)	EN16	57,440	159,710	579,490	5,067	2,507	57,625	3,681	
– gas-GPL company vehicles (l)		36,585	1,958,951	8,160,192	675,830			333,387	
– diesel vehicles		109,072	34,117,761	1,414,861	1,581,358	1,461,000	303,600	448,944	
– flight distances (km)		3,977,328	65,364,253	5,745,444	20,631,027			443,016	
– train distances (km)		143,944	29,249,750	98,480	6,500,610			112,332	
total CO ₂ transport		1,112	112,008	24,351	10,061	4,018	835	2,115	
total emitted CO ₂ (tons of CO ₂)	EN16	58,552	271,718	603,841	15,128	6,525	58,460	5,796	
consumed water (m³)	EN8		2,455,674	828,502	123,494	18,911	17,900	36,774	
paper and cardboard									
internal (office) and external use (marketing, invoicing, calendars, packaging...)	EN1	8,569	19,063	938	8,360	1,842	7	1,303	
waste	EN22								
– common industrial waste			3,733	1,916				50	
– collected/recycled internal and external WEEE (t)			3,068	89	6			24.3	
– metal poles (t)			415	0					
– wooden poles (t)			11,529	301				0.0	
– cables (t)			3,664	996			3.0		
– battery chargers (t)			55	21				0.0	
– batteries (t)			1,957	83			0.0	33.3	
– printer cartridges (t)		195	46	16.7			0.8	2.9	
– PCBs (t)			32	0					
total treated waste (tons)	EN22	195	24,499	3,423	6		4	111	

not concerned
 estimated
 not available
 figures available in 2007

EME				AMEA						Orange Business Services and others	Total Group	UNITS
Romania	Slovakia	Switzerland	Côte d'Ivoire	Equatorial Guinea	Jordan	Madagascar	Mauritius	Senegal	Countries not specified			
221	7	8	129						116	3,994	units	
169	0	0	5						39	1,811	units	
39	2	28,000		330		136	46	1,441	16	51,155	m³	
0	0	180,500	0	0						30,560,242	m³	
0	0		0	0						213	tons	
58.7	46.5	53.6	27.0	2.5	20.3	2.6	0.5	1.6	301	3,661	GWh	
	7.4	22.0				0.01				392	GWh	
59.1	46.5	365.2	27	6	20	4	1	18	301	4,513	GWh	
24,619	9,651	76,147	12,771	1,918	13,890	1,446	338	5,073	120,443	1,131,815	tons	
776,596	578,314	197,484			162,500				750,000	13,629,839	litres	
336,990	234,182	133,820			1,485,000				1,750,000	43,376,589	litres	
2,560,000	1,342,000	1,432,249							103,347,657	204,842,974	km	
	0								30,297,163	66,402,279	km	
3,235	2,262	1,096			4,471				27,018	192,580	tons	
27,854	11,913	77,243	12,771	1,918	18,360	1,446	338	5,073	147,461	1,324,395	tons	
32,740	22,673		111,148		57,420			273,550	66,270	4,045,056	m³	
1,290	996	727								43,093	tons	
450	161									6,309	tons	
4.2	32.3	0.4							16	3,240	tons	
										415	tons	
		0.0								11,830	tons	
0.0	0.0									4,663	tons	
52.0	14.4	26.0							22	76	tons	
0.3	0.5									2,188	tons	
										262	tons	
										32	tons	
507	208	26							38	29,015	tons	

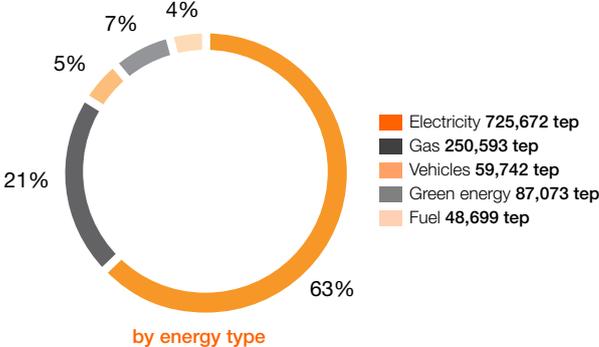
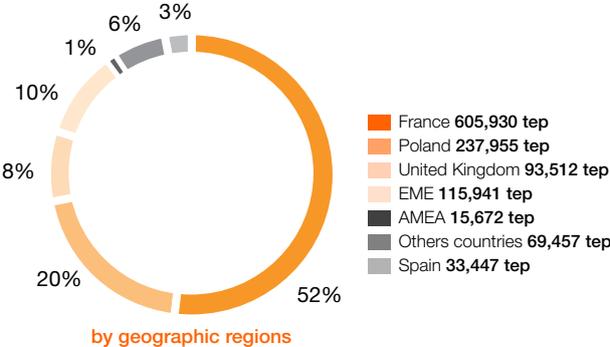
environmental data

comparative illustrations

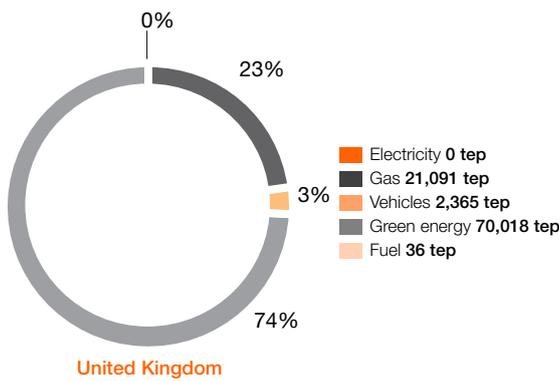
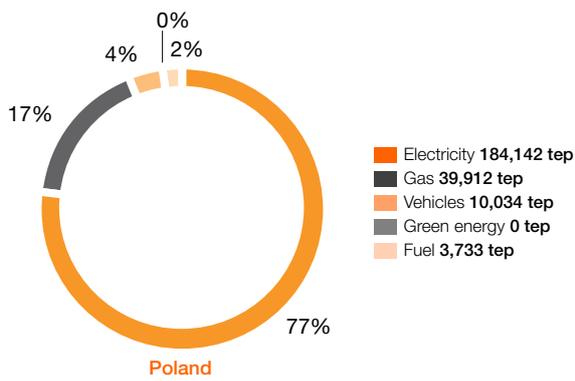
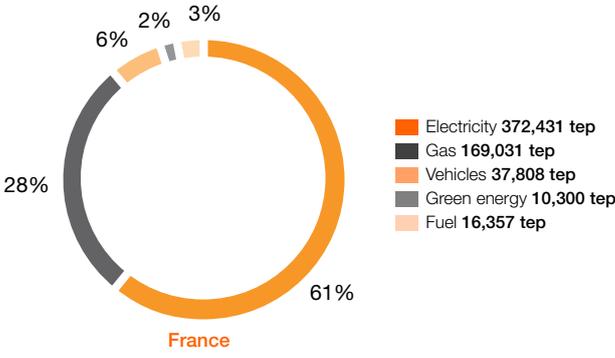
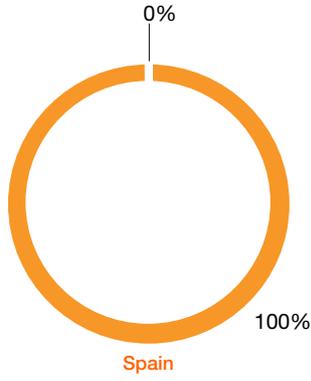
of energy consumption and CO₂ emissions

energy consumption in “tep”
or “tons equal to petrol” (1,171,916 tep)

France Telecom Group

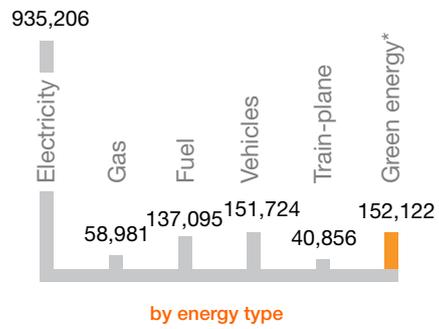
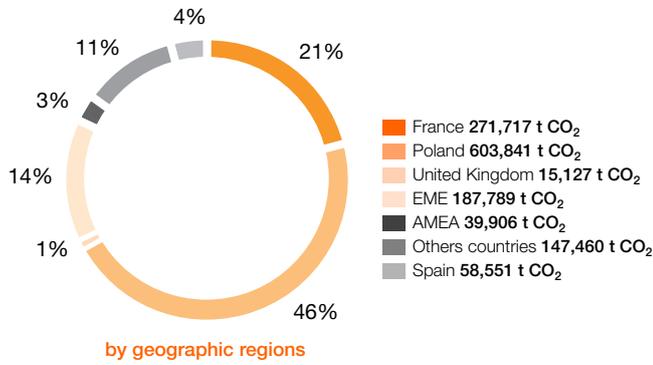


main countries

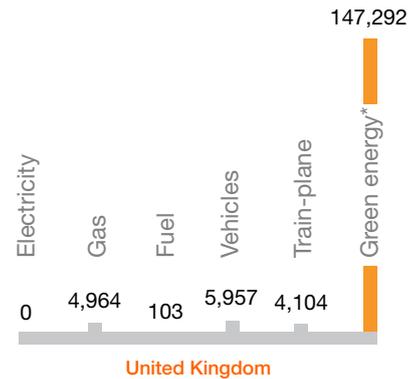
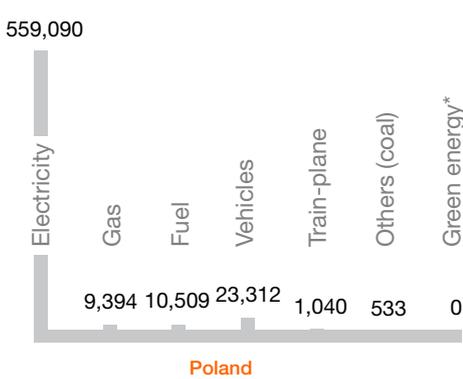
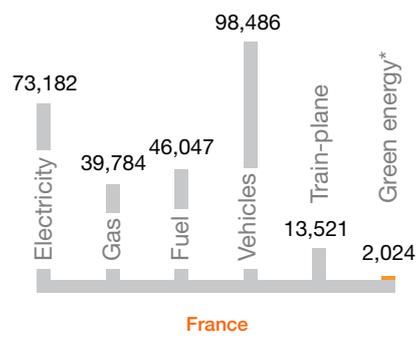
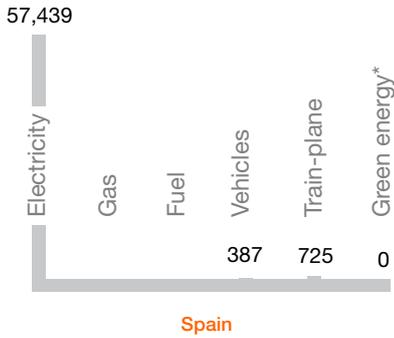


CO₂ emissions in tons emitted: 1,324,395 tons
 CO₂ not emitted thanks to green energy: 155,122 tons

France Telecom Group



main countries



independent verification statement on information relating to corporate social responsibility

for the year ended December 31, 2006

At the request of France Telecom, we performed the agreed procedures described below regarding the Corporate Responsibility (CR) Report 2006, published by the France Telecom Group, in order to:

- report on the progress made in the implementation of the Corporate Responsibility framework in the horizontal management departments and in the main subsidiaries of the Group;
- review the consistency of the information presented in the FT Group CR Report in accordance with our scope of work.

The information provided in this annual report was prepared under the responsibility of France Telecom. It is our responsibility, based on the work described hereafter, to report our findings to France Telecom's Management in accordance with the terms agreed.

nature and scope of our work

So far there is no CR related insurance standard recognized worldwide. We have undertaken the agreed procedures outlined below to review progress on CR framework implementation and provide a basis on which to challenge the CR Report. Our agreed procedures do not constitute an audit in accordance with the International Standards on Assurance Engagements, but allow us to report our findings.

We have completed the following agreed procedures:

- reviewed the Report content to identify the statements related to Group's 2006 achievements in the field of CR framework implementation;
- conducted interviews, at France Telecom Headquarters, with the people responsible for the monitoring of the CR framework and its implementation in horizontal management departments such as Purchasing, Environment, Ethics, Marketing, Sponsorship, and Human Resources;
- conducted interviews with the correspondents in charge of the implementation of the CR framework in Spain, France, United-Kingdom and in Telecom Polska (Poland) in order to assess the implementation of the CR framework. The scope of activities examined represents 70% of the Group's total workforce and 75% of the Group's turnover;

- reviewed, on a test basis, underlying evidence such as meeting minutes, internal and external presentations, studies or survey results, audit reports, contracts or agreements to support these statements, at the Headquarters and in the different visited entities.

The scope of our work did not include a review of the data contained in the Report.

findings

Regarding the implementation of the CR framework within the horizontal management departments of the Group and in the visited entities, we have observed that:

- a governance structure including a CR Committee is in place at Group level and meets on a regular basis to oversee progress in CR implementation within the countries in which the France Telecom Group operates;
- the Code of Ethics defines the Group's principles for action and individual behavior as regards France Telecom's stakeholders (customers, employees, shareholders, suppliers, competitors, society and the environment);
- the level of implementation of the CR framework defers from one visited country to the other, especially regarding the implementation of a dialogue with stakeholders, the activities historically focused on mobile phone being more mature. We could not examine its level of implementation for the mobile activities in Poland, nor for the internet operations;
- the reporting tool for CR data can be directly filled in by all France Telecom's subsidiaries since 2006.

Based on our work, the content of the report is consistent with our findings.

Paris-La Défense, April 18th, 2007.

ERNST & YOUNG Audit
Ernst & Young

ERNST & YOUNG
Environment and
Sustainability

Jean-Yves Jégourel

Éric Duvaud

glossary

3G

Third generation mobile telephony.

ADSL (Asymmetric Digital Subscriber Line)

Technology enabling high-speed data transmission across traditional telephone networks.

Afom

French association for mobile telephone operators: France Telecom is a member of the AFOM, together with Bouygues and SFR.

AMEA (Africa, Middle-East and Asia)

The Group is organized by countries and regions. The region Africa, Middle-East and Asia comprises the countries: Botswana, Cameroon, Côte d'Ivoire, Senegal, Mali, Equatorial Guinea, Madagascar, Mauritius, Jordan, Vietnam, New Caledonia and Vanuatu.

Arcep

French regulatory authority for post and electronic communications (*Autorité de régulation des communications électroniques et des postes*).

CDMA

Code Division Multiple Access

The CDMA technology, and more specifically its W-CDMA development, represents the foundation for the third-generation UMTS* mobile telephony standard.

CMT

Comisión del Mercado de las Telecomunicaciones

National telecommunications regulator in Spain.

Dematerialization

Dematerialization involves replacing a material asset with a less resource-hungry tool that provides the same service (paper files sent by email, transport, car park or toll booth ticket incorporated into a rechargeable card or mobile handset, etc.).

DNF

Domestic Network Factories

Dosimetry

Evaluation or measurement of the dose of radiation absorbed by a given substance or individual. Measurement method aiming for example to validate the compliance of radiotelephones and antennae released on the market depending on the specific absorption rate, DAS*.

Ecodesign

Ecodesign involves factoring in the environment throughout a product's lifecycle, as of the product design or improvement phase.

Edge

Wireless technology which facilitates internet and multimedia services with speeds up to four times higher than GPRS on the existing GSM network.

EME (Europe and Middle-East)

The Group is organized by countries and regions. The region Europe and Middle-East comprises the countries Belgium, Netherlands, Switzerland, Romania, Slovakia, Moldavia, Egypt and Dominican Republic.

EMS

Environmental management system

Systematic and formalized process enabling businesses to identify and minimize the impact of their activities on the environment, prevent incidents and draw up an action plan with a view to continuously improving their environmental performance levels.

ETNO

European Telecommunication Network Operators

European association of telecommunications operators.

Factor 4

Concept introduced by Ernst Ulrich von Weizsäcker, Amory B. Hunter and L. Hunter Lovins in a report by the *Club of Rome*, published in 1997. It recommends multiplying the well-being by two while dividing the use of natural resources by two. The expression has been taken up in the context of greenhouse gas emissions. In France, the "Factor 4" concept has been incorporated in the political world starting with the 20th plenary session of the IPCC (Intergovernmental Panel on Climate Change) by Jean-Pierre Raffarin, then French prime minister, in February 2003. It has further been resumed in article 2 of the POPE law on the orientation of the energy policy in France of July 13, 2007.

FTSA

France Telecom SA

Unless stated otherwise, the terms "Company" and "France Telecom SA" refer to the company France Telecom, and the terms "France Telecom", the "Group" and the "France Telecom Group" refer to the company France Telecom and its consolidated subsidiaries.

GeSI

Global e-Sustainable Initiative

Initiative backed by the International Telecommunications Union (ITU) and the UNEP* grouping together industrial players and telecommunications operators.

Global Compact

The Global Compact represents a call launched by the UN in 1999 for international business leaders to make a voluntary commitment to look into better ways of responsibly benefiting from globalization.

The framework for this initiative encompasses cooperation with all of the private sector, union organizations and non-governmental organizations.

It is based on compliance with 10 universal principles relating notably to human rights, working conditions, the fight against corruption and protecting the environment.

GPRS

General Packet Radio Service

2nd generation mobile communication system enabling nominal speeds of around 170 kbits/s and effective speeds of approximately 50 kbits/s.

GPS

Global Positioning System

Worldwide satellite-based positioning system.

GRI

Global Reporting Initiative

International multi-party initiative launched in 1997, aiming to draw up and distribute guidelines for producing sustainable development reports for businesses looking to report on the economic, environmental and social dimensions of their activities, products and services.

GSM

Global System for Mobile communication

Digital standard currently used by the mobile telephone network in Europe, operating on 900 and 1,800 MHz (bi-band).

HR

Human Resources.

ICNIRP

International Commission on Non-Ionizing Radiation Protection

International Commission on Non-Ionizing Radiation Protection: linked to the WHO, this commission has defined exposure limits for protecting individuals against the health effects of electromagnetic waves. These limits are reflected in the European recommendation 1999/519/EC dated July 12, 1999.

– For relay antennae, the public exposure limits for electromagnetic waves are 41 v/m for GSM 900, 58 v/m for GSM 1800 and 61 v/m for UMTS.

– For mobiles, the power absorbed by a user's head must not exceed 2 W/kg. This represents the authorized specific absorption rate, DAS*.

ICPE

(Installation classée pour la protection de l'environnement)

Under French regulations, this environmental protection classification refers to facilities that may present a danger.

ILO

International Labor Organization.

IP

Internet Protocol

Protocol for interconnecting sub-networks, particularly if they have different physical characteristics, used for transferring packets of data over the Internet and on intranet networks.

ISO 14001

International standard setting out the requirements for creating and certifying an EMS*.

MMS

Multimedia Messaging Services

services enabling mobile users to exchange messages containing text, images, sound and video.

MPPI

Mobile Phone Partnership Initiative

Under UNEP, the MPPI groups together the main equipment manufacturers and operators, which, working together, want to contribute to the development of codes of good conduct for the collection, cross-border transfer and reconditioning of used mobile phones.

OECD

Organization for Economic Cooperation and Development

Groups together 30 member countries, which are all committed to democracy and the market economy. Its working relations with more than 70 other countries, as well as NGOs and civil society, give it a global scope. Renowned for its publications and statistics, its work covers the entire economic and social field, from macroeconomics to trade, education to development, and science to innovation.

OEM

Electromagnetic waves

Propagation of electrical and magnetic energy over the air, via the radio relay channel.

OFCOM

Office of Communications

National telecommunications regulator in the United Kingdom.

OHSAS 18001

The international OHSAS 18001 specification, published in 1999, applies to all types of organizations (industrial businesses, service companies, etc.) irrespective of their size or activities, making it possible to evaluate and certify their health and safety at work management system.

PABX

Private Automatic Branch eXchange

Private automatic switch for businesses.

PCBs

polychlorinated biphenyls

Substances, such as askarel, virtually insoluble in water, that are chemically and thermally stable, used within France Telecom for insulation of transformers and certain condensers.

Re-ADSL

The new Re-ADSL technology, with "Re" standing for extended network, is making it possible for Internet users in regions not covered by ADSL to enjoy access to unlimited broadband at a special offer price.

RoHS

Reduction of Hazardous Substances

European directive 2002/95/EC, known as the RoHS directive, has, since July 1, 2006, strictly limited the use of certain hazardous substances that represent a threat to human health and the environment in a series of electronic and electrical products sold within the European Union. It sets the maximum acceptable rates for six substances in the product's make-up – lead, cadmium, mercury, hexavalent chrome and two fire retardants – polybrominated biphenyl (PBB) and polybrominated diphenyl ethers (PBDE).

SAR

Specific Absorption Rate

Quantity of radiation absorbed by the human body (SAR on the entire body) or by the head (local SAR).

Sarbanes Oxley (SOX or SARBOS)

US financial security law that inspired the French *Loi de Sécurité Financière (LSF)*, which was passed in August 2003.

It is intended to increase the level of financial security, offer the market greater transparency, and therefore restore investor confidence, supervising or guiding the actions of the various categories of players on the financial markets. It requires businesses to put in place good governance tools and adopt a more stringent approach to drawing up their financial statements and publishing financial information.

SD

Sustainable development.

SMS

Short Message Services

makes it possible to receive written messages displayed on a mobile telephone screen.

Stirling (Stirling engine or combustion machine)

Closed cycle engine patented by the British engineer Stirling in 1816. This engine's specific feature concerns its use of an external heat source causing the gas in the engine to alternately dilate and compress, providing mechanical power in this way. The source of external heat may be from combustion or solar energy.

Surf Wi-Fi Pack

Broadband Internet access distribution service.

TPSA

Telekom Polska SA.

UKE

Urząd Komunikacji Elektronicznej

National telecommunications regulator in Spain.

UMTS

Universal Mobile Telecommunication System

international third-generation standard for mobile telephony, offering very high-speed multimedia services.

UN

United Nations.

UNEP

United Nations Environment Program

VoIP

Voice over IP

Technique making it possible to incorporate voice into data transmitted in packets over a network using the Internet protocol (IP*).

VPN

Virtual Private Network

Network linking together a company's remote sites via a public network.

WAP

Protocol making it possible to access information sites (including Internet-based services) from a handheld-wireless piece of equipment such as a mobile.

WEEE

European directive of January 27th, 2003 2002/96/EC, concerning waste electrical and electronic equipment (WEEE).

White zone

Local area not covered by ADSL or mobile telephony services.

Wi-Fi

Wireless Fidelity

Wireless transmission standard enabling the rapid transfer of data based on radio waves. This wireless communications solution makes it possible to connect laptops, PDAs, printers or mobiles up to the Internet thanks to hotspots.

WiMAX

Worldwide Interoperability for Microwave Access

New very-high-speed wireless data transmission technology.

to find out more

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www.art-telecom.fr

CMT
www.cmt.es

European Commission
www.europa.eu.int

ETNO
www.etno.be

GeSI
www.gesi.org

Global Compact
www.unglobalcompact.org

GRI (Global Reporting Initiative)
www.globalreporting.org

GSM Europe
www.gsmworld.com/gsm europe

OECD
www.oecd.org

OFCOM
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OMS
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