



environmental report 2002



Thierry Breton
Chairman and
Chief Executive Officer
France Télécom

Three Questions for Thierry Breton

How does environmental policy contribute to the economic performance of the company?

I am happy to say that France Télécom has been aware of its environmental responsibilities for several years. I am also convinced that our environmental performance favours our economic performance as well as that of our clients.

In the first place, our services not only improve corporate competitiveness and facilitate residential consumer life, but they also respond to our clients' ecological concerns by helping them to limit their own environmental impact. For example, conference calls, video surveillance and video-control allow substantial savings in travel, thus diminishing pollution. Secondly, by mastering our own impact on the natural world, we control our costs better. Thus, by recycling and valorising our waste materials, we decrease the costs of eliminating them. Moreover, by anticipating future European regulations and implementing a preventive policy with respect to eco-conception and energy consumption, we avoid the high cost of brutal change to our processes.

What relation do you see between sustainable development and the Group's strategic priorities?

If I had to summarise our mission in one sentence I would say that we aim to permit all of our clients to be connected everywhere, simply, safely and efficiently.

In this respect, we have a high responsibility for the design and implementation of new means of communication favouring knowledge distribution and cultural exchange.

This role within society goes well beyond solely environmental concerns.

Also conscious of more general issues of sustainable development and social responsibility, France Télécom joined the Global Compact at its inception in July 2000.

Both in France and abroad, our activities allow economic development and improved exchanges, as well as contributing to educational development and higher levels of locally-created job qualifications through our new activities.

Our responsibility is thus not just economic, but also social and cultural.

Our reasoned development approach and our dialogue with the economic and social fabric, allow us to ensure the durability of our activities.

We must also be vigilant concerning respect by our suppliers and subcontractors for legal requirements and human dignity.

Which issues do you intend to concentrate your efforts on in the short term?

First of all, I want priority action guidelines to be determined, in the short term, which reflect the environmental and societal commitments of the Group as a whole.

Then we will define and introduce the management techniques necessary to implement these action plans, set specific objectives and measure our performance in terms of impact on the human and natural environments, management transparency, and development of the regions of the world in which we operate.

In 2004, I intend to establish an initial assessment of this policy and implementing action. I will present the main findings in a Sustainable Development Report.

Corporate Profile

46.6 billion €

revenues

+8.4% in one year

14.9 billion €

operating income

before depreciation

+21.1% in one year

6.8 billion €

operating income

+30.9% in one year

7.5 billion €

cash flow

+76.8 % in one year

–20.7 billion €

net profits Group share

111.7 million

clients throughout the world

+21.8% in one year

49.9 million

clients for mobile services

+15.5% in one year

49.5 million

clients for fixed-line services

+23.7% in one year

10.1 million

active clients for Internet services

+59.5% in one year

2.2 million

subscribers to cable systems

+2.2% in one year

240,145

Group workforce

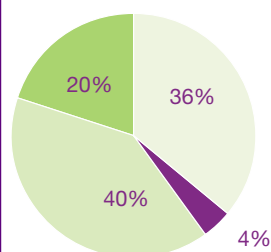
+16.5%

141,061

workforce in France

–2.9%

**Distribution
of revenues
by sector**



Orange

Wanadoo

Voice and data fixed-line services in France

Voice and data fixed-line services outside France

For further information concerning the economic performance of the France Télécom group, see the annual report available at www.francetelecom.com

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Our Vision as an Operator

“we assert our environmental responsibility through the day-to-day commitment of the Group’s personnel”

The milestones of our commitment

1996
Signature
of the ETNO
Environmental
Charter

1999
Signature
of the Charter
of mobile phone
operators

2000
Endorsement
of the
Global Compact

2002
Signature
of an ADEME
framework
agreement

Our commitment

For several years now, two strategic axes have defined France Télécom's environmental action:

- the reduction of our environmental impact through the implementation of a programme of continuous improvement;
- the development of communication solutions in service of Sustainable Development.

In 2002, the action we have taken in the environmental area has placed priority on:

- internal information and awareness campaigns concerning respect for the environment and related issues;
- the introduction of an environmental management system;
- the consolidation of end-of-life management processes;
- initiating a reporting system aimed at piloting processes and measuring performance.

Our respect for the environment is driven by a desire for continuous progress. Our ambition is to include it in a more global Sustainable Development strategy. In particular, France Télécom refers to the nine principles of the Global Compact, which it adopted in 2000. This initiative by the United Nations Secretary-General, launched in 1999, is a challenge

for multinationals, inviting them to continue the development of the "new global economy" in conformity with the major principles of Sustainable Development and ethics. Respect for the environment, social equity and labour law must direct the new economy and ensure its durability. The Global Compact encourages corporate strategy to integrate principles of universal interest and legitimacy.

Our environmental policy applies a European sectoral approach adopted after signing the ETNO Environment Charter in 1996.

Created in 1992, the "European Telecommunications Network Operators" group brings together the 45 major European telecommunications operators.

In order to better appreciate our performance, this report compares it to European sectoral performance presented in the third ETNO Environment Report, "Sustainable together" published in autumn 2002.

The pictogramme BENCHMARK shows this comparison.

Our application of the ETNO Environmental Charter

Awareness p. 12

- Environmental Report 2001.
- Internal information sources (Intranet, newspapers, discussions, etc.).

Regulatory conformity p. 19

- Legislative tracking.
- Data base of regulatory instruments.

R&D p. 19

- Research on the impact of electromagnetic waves.
- Development of eco-favourable solutions. p. 25

Eco-responsible procurement policy p. 12/14

Progressive integration of environmental criteria into calls for tender.

Information p. 12

- Environmental Report 2001.
- Brochure on mobile phones and health.
- Brochure entitled "The environment, a continuous commitment", including sectoral information sheets.

EMS p. 8

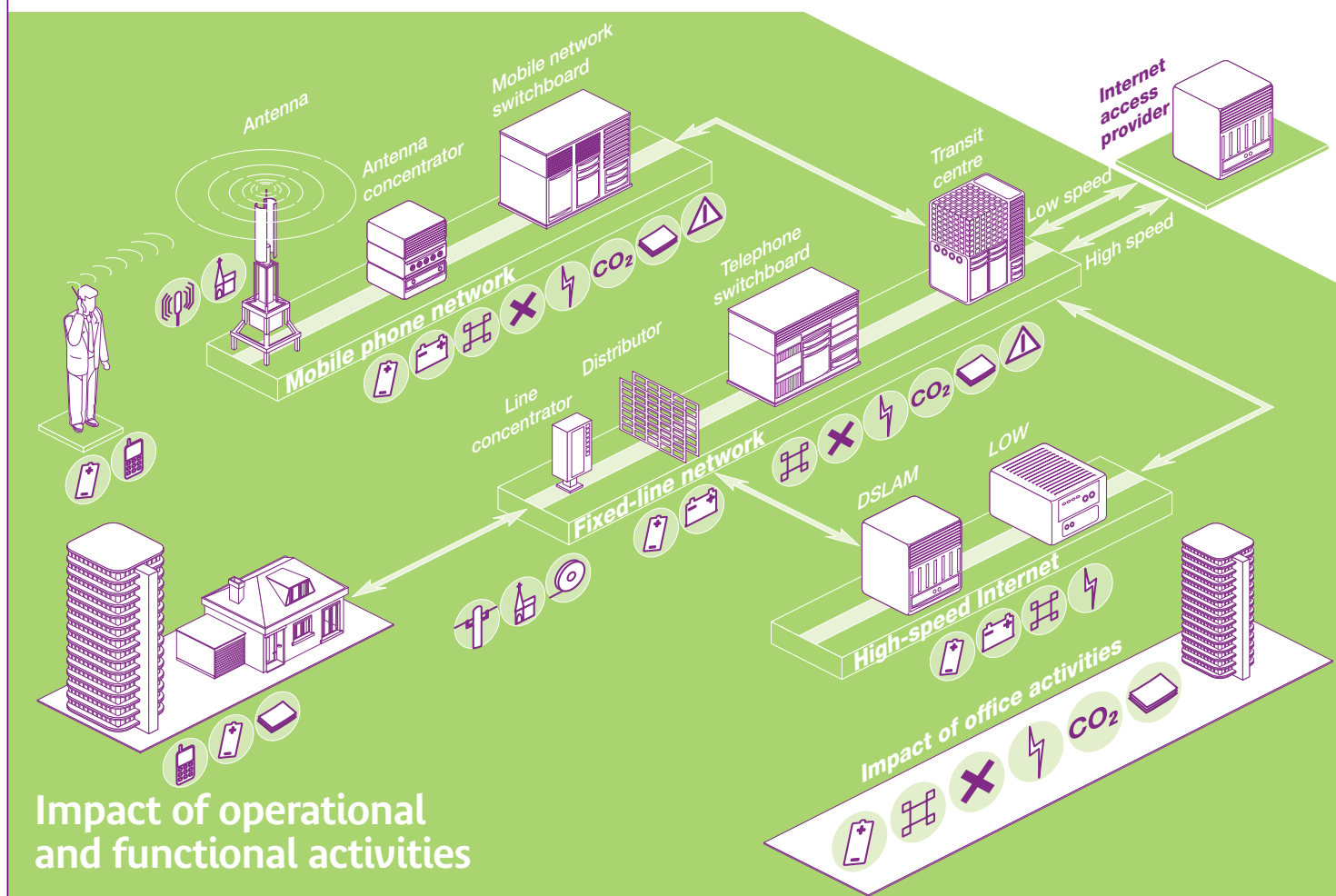
Introduction of an Environmental Management System model and adoption of methodological guides in support of this action.

Our impact

Although our four service activities (fixed-line services: voice and data in France – fixed-line services: voice and data outside France – mobile telephony –

Internet) call on differing technology, they are closely inter-connected and use common network infrastructure. The direct impact of our activities on

the environment is clearly identified. Our interpenetrating networks and the resulting uses reveal this impact, shown in the following diagram.



Impact of operational and functional activities

Classification of types of impact

Waste from Electrical and Electronic Equipment (WEEE) (marketed by France Télécom)
– fixed and mobile telephone terminals
– modems, fax, etc.

Used batteries and storage cells
– marketed by France Télécom
– resulting from internal use

Storage cell batteries (> 3 kg)
– resulting from internal use

Professional Electrical and Electronic Equipment (PEEE) at end-of-life
– public payphones and phone booths
– switching and network equipment
– computers, screens, printers, photocopiers...
– terminals, faxes and modems (internal use)

Cables
– copper, lead and plastic materials

Electromagnetic fields
(potential health impact)

Chemically treated wooden poles
(toxic products)

Hazardous products
– HALON (used in extinguishers and fire suppression systems)
– PCB (used in electrical transformers and capacitors)
– CFC (used in air-conditioning systems)

Electricity consumption
(indirect emissions of CO₂)

CO₂ Consumption of other energies
(direct emissions of CO₂)
– fuel for vehicles, generators and heaters
– gas (heaters)

Paper and ink consumption
– office activities
– billing, production of directories

Hazardous installations
– Installations Classified for Protection of the Environment (ICPE)
– oil tanks (risks of water and ground pollution)

Preservation of classified and protected sites (visual impact)

Creating value

Experience shows that companies which effectively integrate environmental concerns in their development policy obtain a competitive advantage. By introducing appropriate management techniques, such as Environmental Management Systems (EMS), they acquire added potential for value creation.

For France Télécom, this means:

- **Cost reductions** resulting from controlled consumption of resources and energy, better valorisation of products at end-of-life, reduced eco-taxes, etc. For example, France Télécom plans to reduce its office paper consumption by 20%. By strengthening the use of ICTs, in particular by generalising the electronic management of documents, the gain on annual expenses for paper and ink cartridges is estimated at nearly 3 million euros.

- **The development of services** using innovative technologies which take account of the environment and quality of life. For example, France Télécom provides the means to encourage distance working (conference calls, videoconferences, etc.), management of traffic flows (dynamic management of buses and fleets of vehicles), the transmission of environmental information (tele-information, distance reading of collectors analysing air and water quality, etc.), or even the dematerialization of products and services, which contributes to the reduction of global energy consumption (e-commerce, electronic banking services, multi-service outlets, etc.).

- **The inclusion of France Télécom shares in socially responsible investment funds**, thus attracting new shareholders sensitive to the programme implemented by the company in favour of Sustainable Development.

- **Better integration of the company in the social and economic fabric**, notably by better meeting the expectations of its stakeholders (clients, investors, partners, associations, elected office holders, institutions, employees, etc.): transparency of information, economic exchanges with the local environment (e.g. unified waste management), etc.

Claudia Kruse

Télécom Analyst, "Corporate Social Responsibility",
at ISIS Asset Management



"ISIS actively engages in discussions with companies in order to improve their social, environmental and ethical performance. This responsibility commitment (our reo® programme) is specifically directed at problems relating to the respect for human rights, labour law, climate change and corporate governance. Accordingly, we have invited France Télécom to working groups on corruption and human rights as well as including the Group in our enquiry into the 'Geography of risk'. This enquiry identifies the global human rights risks faced by companies. In the coming year, we will direct our efforts to the management of electronic wastes and the respect for human rights in procurement policy."

Resulting from the merger of Friends Ivory and Royal & Sunalliance Investments, ISIS Asset Management is one of the main European fund managers, with a portfolio of more than 92 billion euros of assets in 2002. ISIS Asset Management has been investing in France Télécom bonds since 1999, totalling more than 127 million euros.

Monique Desheraud

President of AFTAS



"Today, more than 90% of the employees are shareholders in France Télécom, holding 3.4% of the capital in the company. AFTAS is mainly concerned with corporate governance. We encourage employee shareholders to exercise their right to vote and we hold increasing numbers of proxies giving us added voting weight. It is important for this approach to contribute to a process of dialogue and mediation within the company in order to increase confidence and legitimacy on both sides: the board provides us with resolutions one month before the vote and we then indicate whether we will vote for or against the resolution. The environment is a theme close to the hearts of the AFTAS administrators. The behaviour of France Télécom affects its image and contributes to its notoriety. This notoriety weighs on the choices of small shareholders, who prefer to invest in a responsible company. The board of AFTAS will soon place this subject on its agenda."

Created in 1998, the Association of France Télécom employee shareholders (Association de France Télécom des Actionnaires Salariés - AFTAS) is represented on the board of directors by Mr. Jean Simonin.

Sustainability rating

It is now admitted that the value of a company is not solely reflected in the figures on its financial statements. It is relevant to complete them with information concerning the social and environmental benefits of the company's activities (job creation, wealth redistribution, personnel training, environmental performance, etc.), as well as their costs, which are less and less related to outsourcing.

We believe that it is important to include evaluations of France Télécom prepared by sustainability rating agencies. This search for transparency within the framework of our progressive strategy, should allow us to provide greater visibility concerning our practices and performance, while improving our co-operation with these agencies.

Banque Sarasin & Co Switzerland	Fund Manager with 1.5 billion euros of assets under "responsible" management (including 27.5 billion of assets managed by the bank).	France Télécom is included in this bank's index, but must offer more indicators and strengthen its social commitment.
ODE⁽¹⁾ France	Rating agency preparing profiles of French companies for the FTSE4GOOD responsible index and publishing an "Ethical Shopping Guide" every year. Assets under management: 335 million euros.	France Télécom is included in the FTSE4GOOD because it has published its policy and priorities in environmental matters.
Oekom Germany	Social and environmental rating agency whose research is used by funds managing approximately 750 million euros in total.	Although France Télécom falls within the sectoral average, it should be able to provide information on the social and environmental impact of its suppliers.
SAM⁽²⁾ Switzerland	Asset management company managing the foremost family of responsible indexes, the Dow Jones Sustainability Index; the volume of assets managed on the basis of this index amounted to 2 billion euros in 2001.	France Télécom is not one of the companies included in the Dow Jones Sustainability Index.
Storebrand Investment Norway	Asset management company with 1.5 billion euros of its own accounts, managed according to the SRI framework and proposing several responsible funds.	France Télécom does not reach the top third of companies selected in the Storebrand Index. Nevertheless, it falls within the average for the sector.

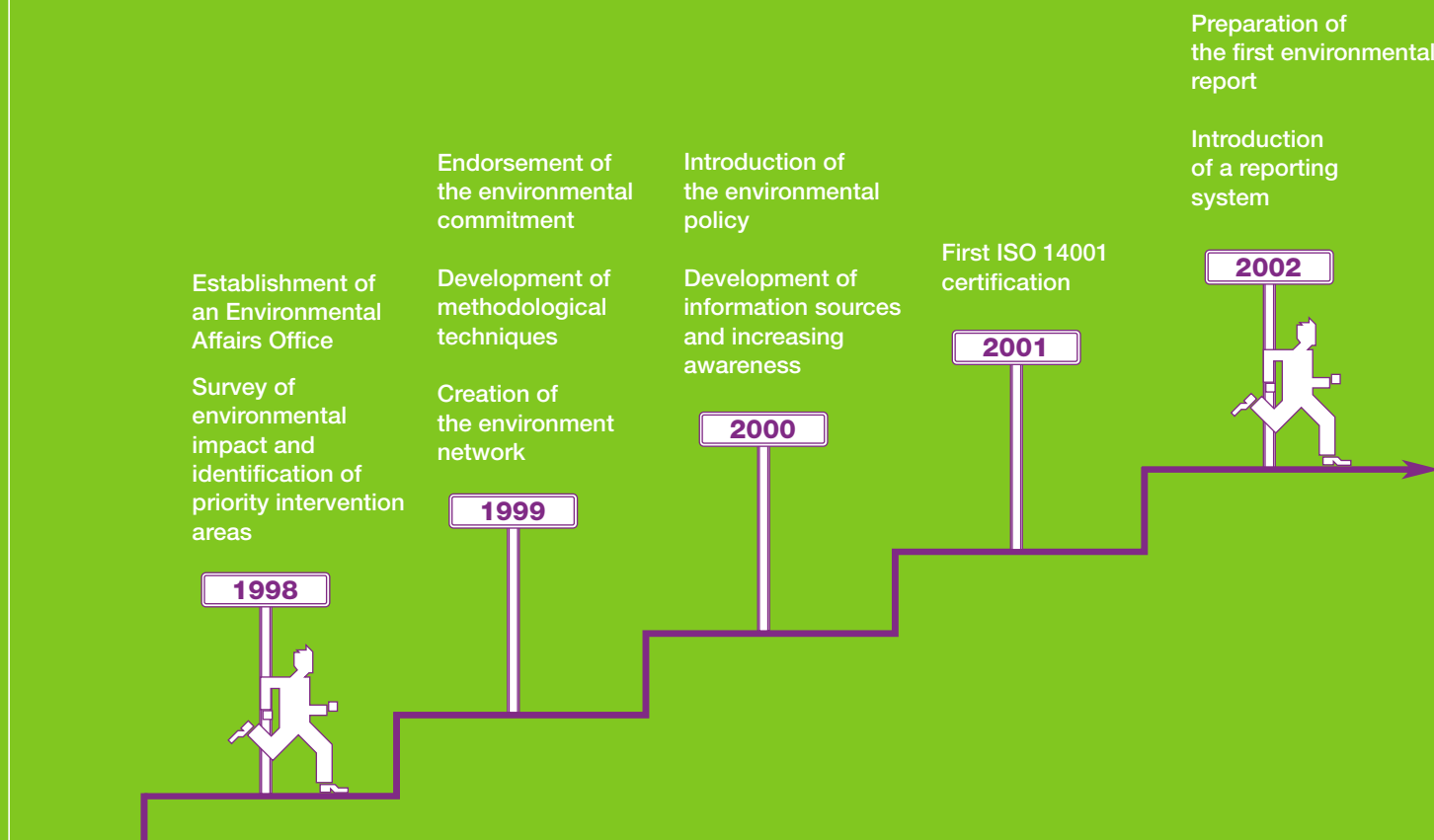
Source: A Guide to Sustainability Analysis Organisations - ORSE / EPE / ADEME - 2002

(1) ODE : Observatory of ethics (Observatoire De l'Éthique) / Index FTSE4GOOD

(2) SAM : Sustainable Asset Management / DJSI (Dow Jones Sustainability Index)

Our Approach

“we mobilise parties concerning the requirements of progress”



Environmental concerns have gradually been integrated into the company's development strategy. In 1996, France Télécom signed the ETNO Environment Charter (see p. 3). In 1998, France Télécom structured its approach through the creation of an Environment Affairs Office, and laid the foundations of its future environmental management. In 1999, an environmental commitment was endorsed by the Executive Committee. In 2001, the first operational unit, FT Marine, received an ISO 14001 certification. In 2002 the implementation of our environmental policy was consolidated.

A local network of staff responsible for environmental processes was set up and several operational bodies commenced implementation of their Environmental Management System. Finally, also in 2002, our computerised reporting system “@gendda” went on-line on the company's Intranet system. A framework agreement was signed with ADEME, to delineate our action plans in several areas, especially touching on waste management and the elimination of hazardous substances.

Generalising our management principles

Greater respect for the environment in our day to day practices implies the adaptation of our management style. That is why, like many large companies, France Télécom has chosen to adopt an **Environmental Management System (EMS)** in conformity with international standards such as **ISO 14001**. This competitive advantage also favours growth in the spirit of Sustainable Development.

A global EMS...

The methodology and action developed at Group level respect international standards, especially those in the ISO 14001 series. Management processes for products at end-of-life, economies of energy and materials, control of hazardous installations, etc. are subject to global piloting. The principles chosen have been established with a view to sharing costs and making practices consistent through the use of reproducible, adaptable methods. All of these methodological techniques are at the disposal of the staff responsible for environmental questions. They have been developed through a discussion framework and have been tested on pilot sites.

... towards local applications

The global EMS is adaptable to the local context. The decision to introduce an EMS is taken by officers in charge of operational units or regional offices. It is implemented in accordance with the conditions specific to those entities. They apply a common reference system made up of all of the methodological techniques. They formulate their approach with the benefit of experience gained through global co-ordination.

By 2004, France Télécom plans to increase the rhythm of EMS introduction in the Group's operational entities (regional units, billing centres, procurement offices, etc.).

BENCHMARK France Télécom is one of 46% of companies in its sector which are currently introducing, or have already introduced, an Environmental Management System, and the 75% which have not had their EMS certified.

Pierre Bettinelli

Director of the
Rennes regional network
unit (URR)



"We are at the implementation phase of introducing an integrated Environmental Management System, with the aim of gaining ISO 14001 certification. We have already prepared a self-assessment and identified the required action. Our major current issue is heightening the awareness of around 650 collaborators. We organise information sessions to that end as well as keeping our network informed through the Intranet and posters. The support of the Environmental Affairs Office and co-operation with other France Télécom units which are farther ahead than us on these questions help us to formulate our commitment, as has been the case, for example, for the implementation of our telephone pole procedures. We also aim to create external synergies and are contemplating a partnership with the city of Rennes, which is introducing a waste sorting policy."

Joël Barbu

Head of the quality
and environment mission
at the Rennes URR



"After the work done on quality and security, we understood that we cannot obtain tangible results unless our environmental policy is part of everyone's daily life. The fruit of constant efforts at heightening awareness and clarifying our techniques is that the results are beginning to be felt."

Jean-Claude Burtin

Director for the
Champagne-Ardenne region



"Our approach grew out of internal director level awareness of environmental protection and risk management issues. The growing awareness of our clients concerning these themes has simply strengthened our involvement".

Progress in 2002

Our two central policy guidelines in 2002 have focused on implementing the process of valorising products at end-of-life and verification of the conformity of France Télécom's action with respect to environmental regulations.

As regards the piloting of national procedures, the following results have been achieved:

- introduction of the @gendda" reporting system;
- organisation of the Environment Officer network ;
- signature of a framework agreement with ADEME (see p. 16);
- updating and reformulation of the regulatory data base on the Intranet;
- definition of a set of tools (pictograms), to accompany the implementation of each process.

Concerning support for local EMS policies, the following action has been taken:

- signature of a framework agreement with the Institute for the environment and industrial risks (*Institut de l'Environnement et des Risques Industriels* - INERIS) for the provision of advice and training implementation of EMS policies within the Group;
- creation of an "EMS Committee" to organise the introduction and formulation of best practices, in the form of tools and methodological guides, and to review the consistency of policies adopted;
- December 2002: the Champagne-Ardenne regional office passed the ISO 14001 certification audit.

The first Regional Office to pass the certification audit, in December 2002

An internal awareness programme was set up to involve all the collaborators at the work-sites included in the certification zone. "This long term plan has led to sustained change in work practices", continues J.-C. Burtin.

A specific management structure was created. Two people work on EMS monitoring. A regional pilot committee has been set up within the URR. It observes implementation action as a whole through a very detailed control panel: eight strategic sites were identified for cross-functional implementation of the EMS. The Regional Office is also committed to controlling and managing environmental risks at the other sites under its responsibility.

This approach is linked to the national system through the Environmental Affairs Office. "We are playing a pilot role to test the practical feasibility of implementing the environmental policy. Later, our action will play a leading role for the other offices", according to J.-C. Burtin's. "In a more general way, we have a proactive approach to environmental issues in our region. For example, we try to mobilise local councils concerning the integration of relays in the landscape. We also develop communication solutions which contribute to a cleaner environment - remote management, video surveillance, videoconferences... Our certification provides recognition for our efforts, it will legitimate communication concerning our environmental commitment. It has been an element in the internal mobilisation that allowed us to give concrete form to our strategy of continuous improvement."

Federating the parties

In order to implement its policy of preserving the environment and quality of life, France Télécom uses a two-tier management schema. The guiding principles of its environmental policy are defined within the **Environment Affairs and Sustainable Development Office**, then adapted to specific field conditions and implemented by the concerned parties.

A piloting and animation structure...

The **Environmental Affairs and Sustainable Development Office** is mandated with a federating mission. For example, it conducts legislative tracking, defines EMS methodology, awareness action, internal training and external information, etc. It acts in a transversal manner and in a spirit of dialogue, involving all strata of the company. Accordingly, deliberations are organised periodically through **working groups**. In particular, they participate in the drawing up of methodological tools. These periodical meetings also share best practice between operational and functional units.

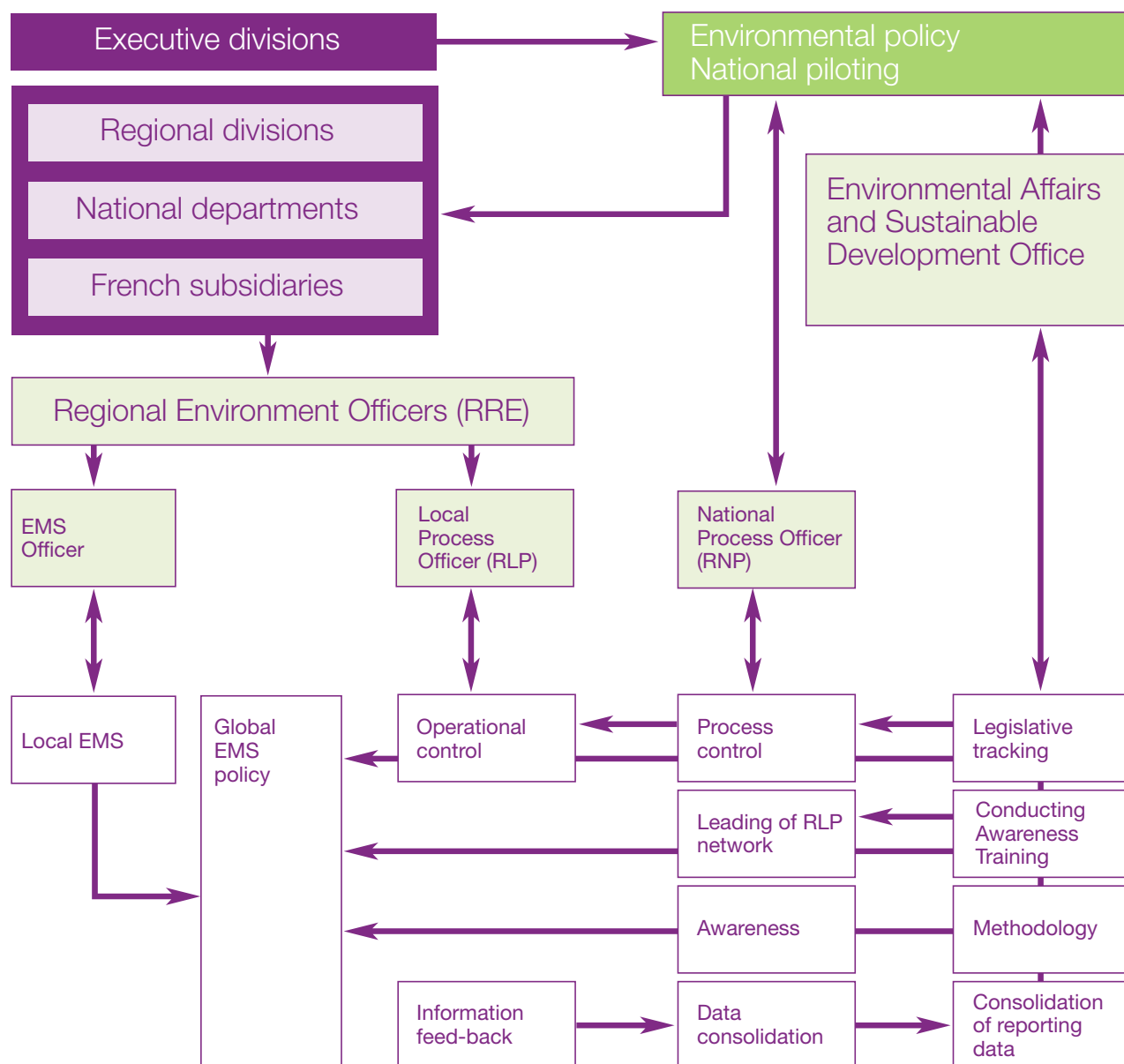
... and local parties

The implementation of environmental policy is based on the involvement of all the parties in achieving progress objectives in the field. At France Télécom SA, the regional offices define their own strategy for introducing EMS. In order to support this action, they take advantage of the areas covered by national piloting. Since 2002, for example, they have benefited from the organisation of a system of designated officers **responsible for national and local processes** (RNP and RLP). Their job is to accompany overall management of products throughout their life cycle, from procurement recommendations through to the recycling and elimination phase. Their participation in working

groups has led to the definition of national procedures for each type of product and mode of intervention. Indicators have been defined for qualitative, quantitative and financial control of these procedures. By the end of 2002, this organisation had allowed the RLP, who are co-ordinators for the introduction of processes, to build up the reporting data base. For the **Environmental Affairs and Sustainable Development Office**, leading of the RNP-RLP system basically consists of organising and stimulating feed-back of information on performance and best practice, in order to set progress objectives for all of the procedures. Furthermore, when launching its EMS policy, each operational unit designates a **policy head**. In 2003, the creation of the post of **regional environment officer** (*Responsable Régional Environnement* - RRE) should allow better co-ordination of the various nationally piloted procedures with the environmental management of regional and local entities.

BENCHMARK France Télécom is one of 18 enterprises in its sector, out of 25, which have placed environmental responsibilities on top management.

Organisation of operational management at France Télécom SA



Pictogram identifying the environmental action
implemented within FTSA.

Publicising our policy and related issues

Information and awareness for the company's internal and external public is a priority for France Télécom. The Group has developed specific techniques for publicising its environmental policy, promoting the sharing of best practices and providing feed-back on action at the local and national levels.

Website @ction environment

Created in 2001 on the France Télécom Intranet, the information and awareness website on the environment has been refined this year with a section relating to our "Social responsibility", a page on "Working groups" (EMS, products at end-of-life, etc.) and a periodic newsletter entitled *Objective Sustainable Development*. The site also proposes periodically updated legislative tracking. In 2002, the @ction environment site received 2,500 visitors a month on average, up 25% on 2001.

BENCHMARK France Télécom is one of 25% of companies in its sector which have not yet introduced an Environment programme with its suppliers.

BENCHMARK France Télécom is one of 33% of companies in its sector which have not yet implemented an environmental performance verification programme for its suppliers.

Guides and publications

The brochures, information sheets, guides, articles in internal reviews, posters, etc., introduced in 2001, have generally been updated in 2002 or completed by new publications. A six page Environment special was published in the September edition of the internal review *Frequences* with a circulation of 200,000 copies. The 2001 Environmental Report has made an important contribution to the awareness of France Télécom's employees, as well as providing information to the general public. Two-thirds of the 13,000 copies printed were sent to our stakeholders.

Training

In 2002, the Environmental Affairs and Sustainable Development Office organised three one-day training sessions for local process officers (RLP), with the executive director for the environment. Around 200 people took part in the sessions. Besides attaining the sought-after awareness objectives, they provided better understanding of the needs of local officers ensuring environmental management within the company.

Purchaser awareness

By signing the ETNO Environment Charter, we agreed to organise the progressive integration of environmental criteria in our procurement policy. For example, the company's buyers are urged to take account of the life cycle of products, which serves a double objective: reducing both our costs and our environmental impact. In 2002, the Environmental Affairs and Sustainable Development Office provided information to the heads of the sourcing office and the directors of the interregional procurement groups. A buyer training plan is being set up to allow progressive integration of environmental clauses in contracts.

Measuring our impact

Measuring the environmental impact on the consolidated scope of the company was one of our priorities in 2002.

Indicators

An in-depth analysis prepared by the team from the Environmental Affairs and Sustainable Development Office, in co-operation with the Global Reporting Initiative and the environment officers of the Orange group, drafted indicators of environmental performance (which led to the enactment of the French Law on New Economic Regulations (NER law) and the sectoral approach of ETNO). The indicators have been defined according to the following criteria:

- relevance with respect to environmental issues and risks;
- the representative nature of our activity;
- strategic relevance;
- the accessible, deductible nature of sound, "verifiable" data;
- compatibility with the requirements of rating agencies;
- the ability to publicise them outside the company.

Seven key indicators were selected initially. They will be provided every year by the entire Group. They must indicate all progress in environmental policy, while providing stakeholders with the information they require.

The "@gendda" piloting and reporting tool

This tool, designed to monitor our performance and consolidate results, was deployed on the pilot site of the Brittany regional office in November 2002. Since the beginning of 2003, it is accessible to all sectors of France Télécom SA. In particular, it provides process officers and regional heads with dashboards (around 40 indicators), designed to consolidate data and provide data for national reporting. "@gendda" should enable efficient organisation of information feedback, in order to measure the evolution of our strategy of continuous improvement. It may be consulted on the France Télécom Intranet system. It allows each entity to fill in the table of defined indicators.

In 2002, some of the subsidiaries were not able to complete all of the indicators. Only that data which has been the object of precise accountability tests of consistency is provided. These indicators are presented in the section of this report on "Our environmental performance".

Keys indicators

Batteries and storage cells

Proportion of batteries and storage cells less than 3 kg recycled (8.5% with respect to the total on the market⁽¹⁾) : **23 t** collected by FTSA, FT Marine, Orange France (out of **277.5 t** on the market).

Electrical and electronic waste

Proportion of products recycled compared with the total mass of products on the market⁽²⁾. Data available in 2003.

Billing paper

Proportion of recycled paper used compared with the mass of paper used, whether recycled or not: **15%** for FTSA, Orange France, FT Marine, Wanadoo and Uni2.

Energy

- Estimated total consumption of electricity: **2,267 GWh** for FTSA, FT Terminals, Orange France, FT Marine, Wanadoo, TPSA and Uni2.
- Consumption of electricity per minute of communication (not including ADSL): **9.2 Wh** per minute of traffic for FTSA, TPSA and Uni2.

Emissions of CO₂

Quantity of CO₂ produced by all energy sources counted (other than electricity): **280,000 t** for FTSA, FT Marine, Uni2 and Orange.

Legal liability

Number of cases of litigation linked to environmental issues lost before the courts. **No litigation.**

Electromagnetic fields

Information p. 19

(1) Collected in agencies as well as products contained in terminals treated directly by waste processing sub-contractors.

(2) Products sold or rented.

The "@gendda" piloting and reporting tool.



Dialoguing with stakeholders

Committing to Sustainable Development implies contact with all the audiences interconnected with the Group, the better to understand their expectations in the economic, environmental and societal areas. France Télécom has had a strong will to favour dialogue and communication with its stakeholders for a long time.

Quality of dialogue

The clients: individuals, companies and public authorities

- French consumer associations are consulted on environmental and health issues.
- Surveys of satisfaction levels are conducted on a regular basis (they do not currently cover environmental questions).

Employees

- Regular enquiries provide a barometer of personnel satisfaction (they do not currently integrate environmental issues).
- An Intranet web-page is devoted to the environment. It prompted hundreds of reactions and requests in 2002.

Local authorities

- France Télécom is a partner of Auxilia, an association set up in June 2002 to promote the territorial integration of sustainable development and reply to increasing demand from local authorities for support (elaboration of "agenda 21", for example).
- Furthermore, local charters are being signed by Orange, in France, concerning the deployment of antennae for the mobile phone system.

National and European public authorities

- At the national level, we maintain relations with the Ministry for Ecology and Sustainable Development. We also participate in various discussions along with other French companies (partnerships in the MEDEF, EpE and ORSE, for example).
- Active dialogue is maintained with the European Commission. This is mainly achieved through the association of European operators, ETNO, and by our contribution to discussions within bodies such as the International Chamber of Commerce (ICC) or the European representative body for partially privatised companies and general economic interest enterprises (CEEP).

NGOs and civil society

- Dialogue has not yet been organised at the Group level. Nevertheless, for several years, contacts have been made within the framework of the France Télécom Foundation and in the areas of local development and the environment. This dialogue deals with specific cases, as necessary, and takes place within the working groups of the national and international associations and organisations of which we are a member.

Suppliers and contractors

- Dialogue has not yet been extended to the national level, nor the Group level. A purchaser awareness plan was set up in 2002 to include environmental issues in the negotiation of contracts with suppliers.

Shareholders

- Information concerning environmental policy passes via the shareholder relations department.

Telecommunications professionals: competitors, manufacturers, etc.

- Dialogue is organised through the ETNO working group on "Environment and Social Responsibility" as is shown in particular by our contribution to the drafting of its 2002 Environment Report: "Sustainable Together".



_ General Assembly of France Télécom.

Daniel Pepers

Representative of Rural Families, national federation



"France Télécom has been legally designated as a global service operator. That is why we have chosen to give priority to relations with the company, dialogue with which has been maintained since 1987. The results are very positive: all the subjects which interest us can be discussed with a single, clearly identified person and projects are frequently submitted to us confidentially, before implementation. We are also invited to quarterly plenary meetings, which are attended once a year by the President of France Télécom, to discuss sometimes difficult questions and participate in working groups. Although most of our members' concerns relate to consumer problems, three important social and environmental issues have emerged:

- Mobile phone coverage in areas of radio shadow: it is important for the entire popu-

lation to receive the same level of service quality in full respect for public health. At present, we consider that nearly 20% of the French population does not receive such coverage.

- The potential health effects of the electromagnetic fields of antennae and mobile telephones. On this point, we consider that France Télécom and Orange have a transparent approach, organising public discussions in the presence of the independent researchers whom we had proposed. We are seeking the regrouping of the antennae of various operators in order to limit their number (and reduce visual pollution).
- Burying telephone lines, for which we expect a rigorous programme for all plans to create or strengthen lines, but also for the existing system."

Rural Families is a family association (registered as a national consumer organisation by the Ministry of Justice and the Ministry of the Economy, Finances and the Budget) regrouping 3,000 local associations in 78 departmental federations and 19 regional federations, representing 180,000 families in France, mostly located in communes of fewer than 10,000 residents.

- Through ETNO, France Télécom participates in the work of GeSI (Global e-Sustainability Initiative), sponsored by the UNEP and the ITU, the aim of which is to promote Information and Communication Technologies (ICT) from a Sustainable Development perspective.

- Dialogue is organised through the French association of mobile phone operators (*Association Française des Opérateurs Mobiles* - AFOM) on specific subjects (theft of mobile phones, environmental charter, health) and with the GSM Europe group.

- An annual information and knowledge sharing meeting has been organised by France Télécom R&D for the last nine years on the potential health dangers of Electromagnetic waves. This specialist meeting brings together operators, scientists and the representatives of national and international bodies.

Opening up dialogue

Dialogue with and consultation of our stakeholders must be developed, beyond the company's traditional approach, which gave priority to its clients, employees and shareholders. Suppliers, associations, civil society and public authorities are among the entities with which we wish to deepen our relations.

We hope to better understand the expectations of these wide-ranging groups. These varied audiences may have contradictory visions which create conflicts of interest for France Télécom. Broadening the dialogue will allow us to study and analyse all the viewpoints and compare them with our need for economic efficiency. It will also allow us to explore the opportunities (but also the risks) involved in the growing access to Information and Communication Technologies.

This will enable us to make decisions with full knowledge and responsibility.

Acting through partnerships

Because an environmental policy cannot be formulated in a vacuum, France Télécom is in partnership with companies, associations and organisations which share their experience. These varied partnerships allow us to develop initiatives which are consistent with the Group's environmental commitments.

Economic partnerships

Since 2001, a joint plan has been developed with the French railway operator, SNCF, and Electricité de France, in co-operation with the Ministry for Ecology and Sustainable Development, to establish the options for valorisation or elimination of wooden poles and sleepers treated with toxic chemicals. The plan continued in 2002, with the drafting of a Charter on the re-use of such processed wooden products.

Institutional partnerships

A formal framework agreement was signed with ADEME in July 2002 on further co-operation in four key areas of our environmental policy: energy control and reduction of greenhouse gas emissions, preventing pollution and managing products at end-of-life, introduction of our EMS policy and, finally, measuring the environmental impact of Information and Communication Technologies.

Associative partnerships

Our partnerships with various professional bodies continued, allowing joint exploration of new work practices and the sharing of know-how concerning respect for the environment and preservation of the quality of life. France Télécom thus contributes to groups such as OREE, AFITE, EpE, ORSE, ETNO, and CSR Europe.

Eco-responsible partnerships

France Télécom's participation in initiatives concerning education, pedagogy and awareness of environmental issues, coupled with its social and environmental commitments, supports the social responsibility of the company. France Télécom participates in the evolution of behaviour linked to urban mobility through regular association with the national "In town without my car" day (provision of a toll-free call number, Internet and mobile services, etc.), for example, and by supporting the first "Atmos Trophy" (which rewards French cities with more than 5,000 residents for improving

air quality in a given sector: transportation in 2002), thus promoting new practices which preserve our environment and lifestyle. Furthermore, France Télécom has continued with action already launched in 2001. For example, in 2002, it participated in the "Young reporters for the environment" programme by placing communication and information tools developed by the company at the disposal of the 87 secondary schools involved (in 15 European countries). In addition, the technical support provided by France Télécom to the multimedia workshop aboard the Nicolas Hulot Foundation's pedagogical ship, *Fleur de Lampaul*, has been renewed with local offices providing extra support for joint productions as part of the programme on water conservation entitled "SOS planète eau".



1_



2_

1_ International "in town without my car" day, Sunday 22nd September 2002.

2_ Multimedia workshop aboard the educational ship, *Fleur de Lampaul*.

Planning our action

In support of the Group's global environmental strategy, our action plan is based on an Environmental Management System. Our immediate and medium term objectives are

developed with regard to regulatory requirements and the expectations expressed by stakeholders. They also support and accompany the initiatives of operational services.

Areas of commitment	2003 Objectives	2004-2005 Objectives
Policy piloting	<ul style="list-style-type: none"> _ Organise and develop the network of environmental players _ Produce "auditable" reporting via @gendda _ Support the introduction of EMS in operational services 	<ul style="list-style-type: none"> _ Broaden the scope of EMS to the rest of the Group
Awareness, information and dialoguing with stakeholders	<ul style="list-style-type: none"> _ Increase dialogue with all stakeholders _ Add an Environment / Sustainable Development section to the francetélécom.com web-site 	<ul style="list-style-type: none"> _ Set up an Environment / Sustainable Development Intranet system for the Group _ Publish the first Sustainable Development Report
Regulatory conformity	<ul style="list-style-type: none"> _ Ensure that FTSA installations classified for the protection of the environment are brought into conformity 	<ul style="list-style-type: none"> _ Raise the tracking of environmental regulatory conformity to Group level
Energy	<ul style="list-style-type: none"> _ Develop an energy consumption management policy for FTSA _ Implement the "GreenLight" programme at two pilot sites 	<ul style="list-style-type: none"> _ Implement the policy
Products at end-of-life	<ul style="list-style-type: none"> _ Consolidate existing FTSA processes _ Implement management procedures for PEEE, office paper, cartridges and building rubble _ Prepare for application of the WEEE directive _ Register the most important management processes for products at end-of-life in a common reference system based on the ISO 14001 standard 	<ul style="list-style-type: none"> _ Extend the reporting scope to the whole Group _ Apply the WEEE directive to the France Télécom group
Procurement	<ul style="list-style-type: none"> _ Include environmental and societal concerns in the Group's procurement policy 	<ul style="list-style-type: none"> _ Proceed with implementation of the integration policy
ICT and Sustainable Development	<ul style="list-style-type: none"> _ Develop methods for promoting the use of ICT in the day-to-day activities of the company _ Develop a catalogue of products and services which contribute to Sustainable Development 	<ul style="list-style-type: none"> _ Update the catalogue and continue research and development of innovative solutions
CSR	<ul style="list-style-type: none"> _ Build up a policy of social responsibility for the France Télécom group 	<ul style="list-style-type: none"> _ Propose reporting

Specific objectives adopted by subsidiaries are not mentioned here. They are reported in that subsidiary's own communications. In particular, the Orange group presents its own environmental report.

BENCHMARK By adopting performance objectives, France Télécom joins the 67% of companies in its sector which define their policy in terms of clear, concrete environmental objectives.

Our Performance

“our work is aimed at the achievement of common goals”

Installations subject to declaration,
as at 31 December 2002 (FTSA)

Installations	Declarations
Storage cell charging workshops	798
Combustion equipment	142
Refrigeration and compression equipment	627
Fuel tanks	90
Covered storage facilities	6
Automatic fire suppression equipment using halon ⁽¹⁾	215
Equipment containing PCBs or PCTs ⁽¹⁾	586
Others	7
Total	2,471

(1) Decommissioning planned.



Simulation of the electromagnetic fields emitted by a GSM 900 antenna of twenty or thirty watts. The diagram shows antenna emissions following a horizontal directional schema: the exposure to electromagnetic waves is lower below the antenna than in front of it.

Managing risk

ICPE

The inventory launched in 2001 was completed in 2002. It now covers the whole of France Télécom SA and reveals that, under current regulations, 2,471 installations and sites come under the ICPE regime (Installations Classifiées for the Protection of the Environment). Of those, 15 sites require authorisation by the Prefect, the rest being subject to a simple declaration.

Fuel tanks

Although they are not subject to declaration or authorisation, petrol tanks in non-classified technical installations and office structures are the subject of a supervision programme to limit environmental

risk factors. An inventory, started in 2002, will cover an estimated 2,100 fuel tanks. Beyond this census, the programme calls for diagnosis of their state of repair, application of operating procedures and a plan for bringing them into technical conformity where required.

Crisis management during environmental accidents

Our policy of continuous improvement requires dealing with problems before they occur. *"An environmental accident is costly for the company and damages its reputation"*, notes Jean-Claude Burtin, Champagne-Ardenne

Regional Director. Because the environmental risk is never zero, France Télécom has adopted specific methodological tools adapted to crisis situations. In case of a pollution alert for oil-fired equipment, for example, a preventive procedure is imposed. It identifies the persons responsible and the specific conservatory measures to be undertaken (stopping machines, limiting pollution, system to alert competent external authorities). When pollution actually occurs, a crisis plan is envisaged for cleaning the site and external communication on the consequences of the problem.

Deploying our networks responsibly

Electromagnetic waves

The potential health effects of electromagnetic waves on health are an important concern for public opinion. Attentive to this issue since the beginning, the France Télécom group, its Orange subsidiaries and TDF are committed to doing everything in their power to remain at the cutting edge of knowledge in this area, notably by participating in and supporting research, and to ensure the conformity of their installations and equipment with European and domestic regulations.

France Télécom research activities

Since 1994, the France Télécom Research and Development centre, which has recognised expertise concerning dosimetry, participates actively in the French COMOBIO programme on Mobile

Communications and Biology. This programme, which is part of the national network for research in telecommunications project (*Réseau National de Recherche en Télécommunication - RNRT*), studies the biological effects of radio waves. France Télécom also participates in work on standardising measurement techniques, in a working group of the CENELEC (European Committee for Electrotechnical Standardisation) and has provided financial support for European research since 1996 through participation in the World Health Organisation's (WHO) Electromagnetic Fields programme (EMF). Finally, the Group has organised an annual conference for the last nine years bringing together a wide range of professionals (operators, manufacturers, representatives of public authorities, scientists, etc.) to provide updates on evolution in research. This year alone, the WHO registered 313 studies on this subject throughout

the world, of which 210 have been completed. At present, no adverse health effects have been demonstrated at emission levels below those recommended by the European Union.

Standardisation and regulation

Concerning exposure to electromagnetic waves, various norms set limits for public protection. In 1998, the International Commission on Non-Ionising Radiation Protection (ICNIRP) published limit exposure levels including large margins of security. The levels adopted are 50 times lower than those at which possible health effects may appear. In July 1999, a recommendation of the Council of the European Union, based on the work of the ICNIRP, set maximum public exposure levels for electromagnetic waves. These provisions are applied in France under the decree of 3 May 2002.

Limiting our energy consumption

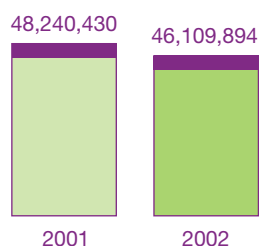
Consumption of electricity

France Télécom SA has observed relative stability in its consumption of electricity since 2000 (2,267 GWh in 2002, +1.2% in two years). The continuing network modernisation programme, especially the replacement of old switching systems with less energy-consuming new generation equipment, partly offsets increases due to the company's new offers, such as ADSL, which now potentially reach 76% of the population:

- at the Group level, electricity consumption by the main French subsidiaries, TPSA and Uni2 is estimated at 625 GWh;
- the consumption of electricity per minute of communication (other than ADSL) for FTSA, TPSA and Uni2, is 9,2 Wh per minute.

Fuel

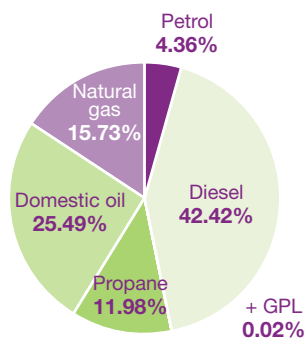
The reduction of our fuel consumption in absolute terms results from the diminution of our fleet of vehicles from 37,217 in 2001 to 33,464 in 2002. The average consumption per vehicle increased, however, by 5.6% between 2001 and 2002, passing from 1,296 litres per vehicle to 1,378 litres per vehicle (optimised use of the fleet).



Fuel consumption (in litres) by the France Télécom SA fleet

Emissions of greenhouse gases

The quantity of CO₂ produced in 2002 by all sources of energy consumption (other than electricity) by France Télécom SA, Orange France, Uni2 and FT Marine was 280,000 t. In order to produce the electricity consumed by FTSA activities, EDF estimates that it emitted 85,000 t of CO₂. The calculation method used was that set out in French regulations (circulaire of 15 April 2002), relating to control methods for inspectors of classified installations for annual statements of greenhouse gas emissions (NOR: ATEP0210195C), and its appendices.



Proportion of CO₂ emitted by France Télécom SA's energy consumption sources in 2002 (other than electricity)

The Company Travel Plan (The "Plan") for Lyon

Launched in Spring 2001, the Lyon region Company Travel Plan was implemented in 2002 at three remote commercial sites. The Plan takes a global, integrated approach to the problem of all travel related to the activity of these three sites. An action plan was defined after analysis of the existing means of transport and the travel patterns and needs of employees. It introduces alternative transport solutions (car-sharing, shuttle buses, public transport, etc.) and the increased use of ICT, such as tele-commuting, which promote reduced employee travel. Multiple benefits are expected from the Plan, which was developed through dialogue with the greater Lyon council, local transport companies and ADEME.

For France Télécom and its employees: reduced costs (optimisation of travel, re-allocation of the land used for 400 parking places by 2004, etc.), the introduction of innovative solutions (creation of "e-offices"), better access to public transport (annual subscription for employees to a "city Pass") and a wider choice of means of travel (construction of a pedestrian crossroad).

For Lyon: reduced environmental effects (pollution, noise) and better urban coherence between habitat, work and transport.

Managing our products at end-of-life

In 2002, France Télécom endeavoured to consolidate the introduction of procedures for management of products at end-of-life so as to improve tracing capacity. Particular efforts have been made with respect to cables, poles, batteries, electronic waste and PCBs. Environmental clauses will be included in contracts with suppliers very soon. Furthermore, by 2004, France Télécom intends to introduce EMS policies for the most important processes.

Waste from Electronic and Electrical Equipment – general public (DEEE)

Anticipating the introduction of the European “WEEE” directive, we have integrated the constraints born out of the obligation on distributors to organise the collection of electronic equipment among the general public.

At an earlier stage, eco-conception discussions have been commenced with some of our equipment manufacturers.

We intend to implement life-cycle analyses on widely distributed products such as fixed-line and mobile telephones with the long-term aim of orienting our procurement procedures towards better end-of-life valorisation of products.

At the final stage, we are working on making the decommissioning and recycling chain more transparent. We launched a call for tenders to this end in late 2002, the results of which will be available in 2003. As regards tracing, we have included the criteria produced by the ELEN project in the call for tenders.

Consideration is also being given to the re-use of electrical and electronic equipment. Localised practices such as the donation of computer equipment to local authorities are being formalised in a national framework.

Professional Electrical and Electronic Equipment (PEEE)

The main waste from France Télécom’s professional electrical and electronic equipment are office machines, computer network equipment, telecommunications infrastructure and pay-phone terminals.

Some of this equipment contains highly toxic products. Their disposal in dumps is already restricted by law and will increasingly be reduced. To valorise this electrical and electronic waste at end-of-life, our participation in the ELEN project has led us to underline the importance of local partnerships to reduce logistic costs. It is also necessary to work together to limit management expense.

Cables

The collection, decommissioning and elimination process for cables, introduced in 1992, resulted in the recycling of nearly 4,800 t of plastic and copper in 2002, out of 8,400 t of cables laid by France Télécom SA and FT Marine (including 47% of recycled copper). In order to optimise the process, the rate of cable recovery will be an important objective of the continuing process.

Jean-Claude
Karpeles

President of ELEN



“The ELEN project⁽¹⁾ was launched in September 2000 in the Rhône-Alpes region to enable all the parties in the electrical industry to find a common solution to the problem of the end-of-life of Professional Electrical and Electronic Equipment (PEEE). This initiative brought to light the importance for PEEE users such as France Télécom to better organise their collection and processing procedures (at the contractual level for example) and thus improve tracing of hazardous products. Indeed, 90% of the costs are related to logistics. PEEE users, who are legally responsible for the disposal of their products, must therefore optimise the organisation of collection and increase cost transparency for collectors and recycling contractors. To reduce logistic costs, it will also be necessary to increase competition, possibly by working with foreign contractors.”

(1) The ELEN (ELectricity Environment) association is made up of 11 members of the electrical industry. www.elen.asso.com.

Batteries and storage cells

Batteries and long-life storage cells on the market use polluting non-biodegradable materials (lithium for example). Specialised treatment must be applied to used products under the regulations. Since April 2001, France Télécom has been systematically collecting these materials in accordance with the regulations, in all of its **760 commercial agencies** and administrative offices, providing collectors for both clients and employees.

This approach, which allowed us to recuperate more than **23 t of batteries and storage cells** in 2002 (FTSA and FT Marine), is encouraged by action to increase awareness of the risks (pedagogical information placed on the collector).

A study was launched in 2002 to evaluate the possibilities for improvement of this process by sharing the costs of collection and treatment with others companies.

Treated wooden poles

In 2002, France Télécom took down **336,000 wooden poles** during maintenance and prevention operations. These poles, which are chemically treated to reduce rotting (arsenic, creosote, pentachlorophenol, metallic salts and copper sulphate) can be eliminated by incineration, guaranteeing the preservation of the environment and health, or sold to individuals and companies for re-use, provided they are informed of usage limitations. Sale conditions are being drafted in collaboration with EDF, RFF (*Réseaux Ferrés de France*) and the SNCF. A re-use Charter, developed in co-operation with the Ministry of the Ecology and Sustainable Development and the Ministry of Health, will inform buyers of the nature and conditions of possible re-use of these products, as well as the required precautions for their elimination (in particular, an impact study is required).

These developments allow reduced use of new wood and thus preserve the environment.

Paper

The greater part of our paper consumption results from the production of directories, which are 100% manufactured with recycled paper. A paper plan was launched in 2002 within France Télécom. It aims to increase the rate of office paper recycling through the installation of selective collection. A methodological guide is already available on the Intranet, completed by an information and awareness kit for employees (notices, pictograms and guides). In 2003, the paper plan is being implemented at the pilot site of the General Corporate Affairs Directorate, recycling being carried out according to the "HQE" principles (see p. 23). The next steps will be the definition of a paper consumption reduction policy (4,150 t per year for France Télécom SA and its French subsidiaries) and incentives for the use of recycled paper.

PCBs

The plan for the elimination of France Télécom transformers and capacitors using pyralenes (PCB), adopted in late 2002, will be completed by the year 2010. It has been validated by the consultative commission entrusted by the Ministry of the Ecology and Sustainable Development with drafting the national plan for the elimination of machines containing PCBs. The Environmental Affairs and Sustainable Development Office participates in the work of the commission as a representative of the MEDEF.

Halon

The plan for the elimination of halon in fire-fighting equipment (fire suppression and sprinkler systems) introduced by France Télécom will be completed, as required by the regulations, in December 2003.

Somes figures for 2002

TREATED WOODEN POLES

336,000

poles taken down (FTSA)

PAPER

89.5%

use of recycled paper (FTSA)

OFFICE PAPER

4,150 t

used (FTSA)

BILLING PAPER

15%

printed on recycled paper, being 810 t out of a total of 5,453 t. (FTSA, OF, FT Marine, Wanadoo, Uni2)

DIRECTORIES

100%

printed on recycled paper, being 74,000 t (Wanadoo)

CABLES

4,800 t

recycled out of 8,400 t replaced (FTSA)

PCBs

25 t

eliminated in 2002, from 58 decommissioned pieces of apparatus (FTSA)

HALON

37 t

eliminated out of a total of 142 t to be eliminated before December 2003 (FTSA)

Contributing to work site preservation

Ecological architecture

We are interested in architectural changes in accordance with the High Quality Environmental (HQE) standards in order to preserve the energy performance levels of our buildings, control costs, optimise the work of our employees and improve their quality of life. The decision to move part of the General Corporate Affairs Directorate was an ideal opportunity for rehabilitation in accordance with ecological principles taking account of construction, management, comfort and health.

The refurbishment has allowed great improvements in lighting, flooring, office furniture and equipment, all chosen in respect of HQE standards, for an equal if not lower cost than classical solutions.

For example, the carpets chosen do not contain any polyamides (risk of cyanhydric acid emission) or PVC (risk of hydrochloric acid emission). The environmental quality of their manufacture and processing at end-of-life is guaranteed (the German "GUT" label). Finally, their cost is lower than that of normal carpets.

Improvements in quality of life

France Télécom seeks to improve the reception of its clients by conserving the access to its sites, especially commercial agencies. Thus, a Sonatel commercial agency (Senegalese subsidiary of the Group) organised a "clean city" operation to clean and beautify the surroundings of the island on which it is located. This initiative, which associated others economic and social players, was sponsored by the Ministry of Youth, the Environment and Public Health, and led to generalisation of the operation to all of the city's public areas (see: www.sonatel.sn).

Landscape integration

Fixed-line telephony

The entire France Télécom system ensuring national and regional interurban connections is underground.

The transport cable system serving suburbs and small towns is 97% buried, as are two-thirds of client distribution lines. Further concealment operations can thus be programmed in this area. They are examined case by case based on framework contracts, client contracts and the nature of the site (protected sites for example), with emphasis on dialogue and abiding by commitments.

In early 2003, the company clarified its involvement in the area of landscape integration of networks and, in particular, published a communiqué on the subject in a letter to the *Mayors of France* (see extract opposite).

Mobile telephony

In France, a national Charter of environmental recommendations was signed on 12 July 1999 by the State and mobile radiotelephone operators. It requires operators to orient their choice of development and installation of their equipment to respect environmental constraints. When installing its mobile radiotelephone antennae, Orange France seeks to meet consumer demands for quality of service while taking account of the existing regulations. This legislation requires discussions between all those involved in the installation of the mobile network and its environmental integration. For example, Orange France seeks better concealment of relays by using existing high points (water towers, silos, apartment blocks, etc.) as well as painted infrastructure.

Extract from the letter to the *Mayors of France* (January 2003)

"In accordance with its environmental policy, France Télécom has been involved in the funding and implementation of network concealment operations, in co-operation with public authorities, for a long time now... Over and above the immediate vicinity of historical and national heritage monuments, local embellishment policies, especially for town-centres and the entries to villages have given remarkable results which are much appreciated by the population... However, our current financial situation forces us to make drastic reductions in our expenses and numerous budgetary choices, without renouncing our essential missions and the development of the new services, such as high speed links and mobile networks, on which our future depends... Finally, the France Télécom group intends to continue with the Sustainable Development policy which it has adopted..."

Our Solutions for Sustainable Development

“we offer communication solutions
which increase social benefits
and preserve the environment”



1_



2_

1_ Tele-presence wall between
two sites.

2_ e-poll, electronic voting system.

The major contribution of ICTs (Information and Communication Technologies) to the environment consists in facilitating inter-personal exchanges. This does not just mean decreasing the quantity of materiel used by industries and consumers, but going further by informing the users of goods concerning the best means of using their products in the right place and at the right time.

France Télécom has directed its research efforts towards the development of solutions which meet these needs. A preliminary study is made before each development of products or services, in order to evaluate their societal impact. Going even farther in this direction, we are mounting a number of projects to develop ICT access for all, both in France and in our subsidiaries in developing countries.

Promoting the emergence of a remote services economy

The passage from an economy based on the property in goods to a economy based on access to services will be one of the key issues for the coming decades, and communication services are at the heart of this process. The "dematerialization" of our economy also provides an opportunity to reduce our environmental impact: the development of a service often requires less natural resources than the manufacture of goods and, as the company remains the owner of the goods on offer, it can ensure end-of-life management. ICTs are the basis of all developments in services and solutions which allow the replacement of manufactured goods, and a proportional reduction in materiel consumption.

Lower materiel consumption...

France Télécom has, for example, developed voice-mail systems which avoid the production of millions of answer phones (6.5 million domestic voice-mail boxes by late 2002). The capacity for digital photography and radiography and their electronic transfer also allows great economies in paper prints and chemical products. In the health area, the dematerialization of some documents such as social security reimbursement forms as part of the EGORA project will have a huge impact on paper consumption at the national level (1 billion reimbursement forms are printed every year).

As part of its sectoral health plan, France Télécom has also developed a medical imagery system in 2002. This offer uses high speed systems coupled to a Di@m4 medical imagery host produced by a French company, GIOL (Global Imaging On Line). It enables multimedia management of medical files, the transfer of different sources of images (scanner, MRI...) on Internet networks and in interface with other France Télécom health services. It contributes thus to reduced consumption of x-ray films, which are subject to European regulations on industrial waste management.

... and social benefits

France Télécom Research and Development teams have, for example, developed e-poll, an electronic voting system which has already been tested in Mérignac during the 2002 Presidential election, as well as in Cremona (Italy). This product "recreates" the essential elements of the democratic vote: anonymity, secure voting without any risk of doubling-up, and solemnity. Millions of ballot papers could be saved if electronic voting was more widespread.

Promoting ICTs in service of mobility

Road transportation, which is estimated to emit around 17% of world anthropoid CO2 output, has a lot to gain environmentally from better use of ICTs. France Télécom accompanies improving traffic conditions by seeking information solutions which facilitate the development of cross-methodology and public transport. The technological solutions for a communicating car are ready, but are slow in implementation due to intersectoral blockage. Yet information received directly (by the user) in his or her car would allow both reduced traffic and increased safety and assistance in case of danger.

Various e-shopping services, also avoiding travel, are being developed.

Increasing solutions for e-commuting, video and audio-conferencing are important axes for reducing traffic volume. This approach is initially developed internally, such as the Lyon region's company travel plan.

We are also developing solutions to reduce travel by some technicians. The technical teams in some cities now have access, through the CITEZEN programme, to geographical information services (various plans, land registers...) in mobile form. We also promote the development of e-administrative procedures, and remote maintenance (water and gas meters).

France Télécom seeks solutions to develop services which go in this direction. The "cyberworld" programme defines and develops technology which aims to create the best possible conditions of access and interactivity to render all distance communication agreeable.

Facilitating information distribution

ICTs allow increased remote distribution of useful information. Various initiatives have been taken to that end at France Télécom to improve e-learning capacity or distribute environmental information. These initiatives are applied to the medical area: remote operations (see the 2001 Environmental Report) and the Gluconet project, for example (which allows diabetics to manage their rate of glycaemia from a distance). We have also developed a tele-ultrasound service. A patient can have an ultrasound at any dispensary: travel is thus limited and risks reduced. This type of service also allows the development of greater equality of access to care throughout the country.

Through its subsidiary, Orange, France Télécom has developed a daily personal health SMS service: "Info Pollen & Pollution". This service, on offer from April to October, provides estimated information on allergy risks in a given area (indication from 0 to 2 concerning the main pollens presents in the air) and air quality (ATMO pollution indicator from 1 to 10). It thus allows allergic people to adapt their behaviour (leisure activities, sport, etc.) and to take preventive treatment. The information provided is selected by ADEME for pollution and by the national network for air supervision (*Réseau National de Surveillance Aérolologique* - RNSA) for pollens.

Getting involved in local development

Information and Communication Technologies can be an important factor in the struggle against social, economic and cultural exclusion. France Télécom has launched numerous initiatives to promote the use of ICTs in local development.

One of the Group Foundation's axes of intervention has led it to create a "solidarity net", to subsidise projects using Internet for social purposes or cultural exchanges.

Expanding the use of ICTs in developing countries

Even more so than in Europe, economic and social development can be supported by information technologies in developing countries, especially in the education and health areas.

ICT operators create jobs when they install networks in developing countries. In addition to the creation of new markets directly linked to information technologies, network development is an important factor increasing the density of the economic fabric.

The Group has always adapted its economic strategy to the country in which it intervenes. A policy of know-how transfer is systematically implemented with local employees. Innovation is conceived as a function of consumption habits. Access to ICTs and their appropriation by the local population is promoted. "Cybercentres open to everyone", for example, allow cost-sharing between users. Sonatel (the Senegalese subsidiary of the Group) proposes attractive tariffs to schools to equip them with computers and connect them to Internet. Sonatel has even donated computer equipment to schools.

Furthermore, developing the use of new technologies in the Jordanian education sector, to increase the accessibility of information, has been one of the major areas of action for the Jordan Telecom Fund since late 2001. An internet tent and bus equipped with PCs and high speed Internet access have been used to offer training and demonstrations to school-children throughout the Kingdom (see: www.jordantelecomfund.com).

Patricia Timpano

Head of the local development mission at the Marseilles regional office



"The local development platform set up in Marseilles in 1998 is currently the only experiment of its kind at France Télécom. We have developed partnerships to work towards economic development and create social bonds in the Marseilles region. We support around forty institutions and associations in the areas of culture and leisure, education and training, communication and the economy, as well as the social and health sectors. Initially, we participate in the design of ICTs capable of enhancing projects. We also share technical and human resources so that the partnership engenders a win-win situation. Our partners study and appropriate the tools used in the ICTs we implement. This allows us to better understand the needs of our clients and to diversify our offering.

The results after four years are generally positive. We have strengthened our public image as a responsible company. Internally, our action has been a factor for mobilisation and motivation."

Further reference

France Télécom's sites

France Télécom – The Group
<http://www.francetelecom.com/en/group>

Equant
<http://www.equant.com>

France Télécom
<http://www.francetelecom.com>

FT Marine
<http://www.marine.francetelecom.fr>

FT R&D
<http://www.rd.francetelecom.fr>

Mobinil (Egypt)
<http://www.mobinil.com>

Orange
<http://www.orange.com>

Orange France
<http://www.orange.fr>

Sonatel
<http://www.sonatel.sn>

TPSA (Poland)
<http://www.tpsa.pl>

Uni2 (Spain)
<http://www.uni2.es>

Wanadoo (Group)
<http://www.wanadoo.com>

Other sites

ADEME (French energy efficiency agency)
<http://www.ademe.fr>

AFITE
<http://www.afite.org>

ANFR
<http://www.anfr.fr>

Auxilia
<http://www.auxilia.asso.fr>

CEEP
<http://www.ceep.org>

CSR Europe
<http://www.csreurope.org>

ELEN
<http://www.elen-asso.com>

EpE
<http://www.epe.asso.fr>

ETNO
<http://www.etno.be>

European Commission
<http://www.europa.eu.int>

French Environment Ministry
<http://www.environment.gouv.fr>

French Health Ministry
<http://www.sante.gouv.fr>

GeSI
<http://www.gesi.org>

Global Compact
<http://www.unglobalcompact.org>

GRI-Global Reporting Initiative
<http://www.globalreporting.org>

GSM Europe
<http://www.gsmworld.com/gsm europe>

ICC
<http://www.iccwbo.org>

ICNIRP
<http://www.icnirp.de>

INERIS
<http://www.ineris.fr>

OECD
<http://www.oecd.org>

OREE
<http://www.oree.org>

UNEP
<http://www.unep.ch>

WHO
<http://www.who.int>

Warning

The diversity of our business, the countries in which we work, the level of control of subsidiaries (which determines the capacity of France Télécom to intervene in company management) and the continuing weight of French activity in the Group's turnover (46.6 billion euros in 2002), explain why most of the figures and initiatives presented in this report concern France Télécom SA, in which the environmental approach is currently being applied before extension to other structures and subsidiaries. However, the strong tendency towards internationalisation of France Télécom's activities has led us, over the last two years, to prepare for extension of the 2003 Environmental Report to all of the activities and subsidiaries of the Group.

Your remarks are essential. In order to send any observations, receive complementary information or order more copies of this report, you may contact us at the following e-mail address:

action.environnement@francetelecom.com

Glossary

ADSL (Asymmetrical Digital Subscriber Line)

Technology capable of transporting several megabits per second on the telephone's two copper wires. It is an attractive solution for rapid Internet access, allowing increased transmission capacity on existing telephone lines for rapid digital voice and data transfer.

Antenna-relay

An antenna converts the electrical energy associated with the signal to be transmitted into an electromagnetic field (waves) transmitted by air.

Then the reception antenna converts the signal in the opposite direction to be used by the mobile phone.

BAS (Broadband Access Server) High speed access server.

Cabling

Wire assemblies which are used to transmit telecommunications signals.

COE (Computer and Office Equipment)

Cross-methodology

Orientation aimed at a double objective: the search for integrated transportation management and alternatives to the exclusive use of road transport in order to reduce negative external effects, such as pollution and traffic congestion.

Dematerialization

Principle according to which physical equipment is replaced by a benefit of service.

Dosimetry

In this context, the science of evaluating precisely the exposure of a living being, either in terms of power absorbed, or in terms of incidental electromagnetic fields. Study of the power absorbed by biological tissue.

Dow Jones Sustainability Index

Created in 1999, this stock-exchange index selects companies not only according to their financial, but also social and environmental performance.

DSLAM (Digital Subscriber Line Access Multiplexer)

Eco-favourable Solutions

Solutions integrating ecological issues.

Eco-tax

Tax on polluting products. Eco-taxes are a direct consequence of the "polluter-pays" principle.

Electromagnetic wave

Also referred to as radio frequency. The propagation of electrical and magnetic energy over the air.

EMS (Environmental Management System)

Method for continuous evaluation and control of the environmental impact of activity.

FTSA (France Télécom SA)

FTSE4Good Index

A stock market index series for socially responsible investment developed by FTSE, the jointly owned subsidiary of the London Stock Exchange and the Financial Times. Eligible companies must meet three specific criteria: Sustainable Development projects implemented, the establishment of positive stakeholder relations, and respect for human rights.

FT Marine

(France Télécom Marine)

FTT (France Télécom Terminals)

HQE (*Haute Qualité Environnementale*)

"High Environmental Quality" is the terminology used to describe the French approach to ecological architecture.

ICPE (*Installations Classées pour la Protection de l'Environnement*) Installations classified for the protection of the environment.

ICTs (Information and Communications Technologies)

ISO 14001

An international standard for the continuous improvement of environmental performance published in 1996. It defines the requirements for environmental management systems.

ITU (International Telecommunications Union)

LCA (Life Cycle Analysis)

Evaluation method for the impact of goods, services or activities on the environment – from extraction of primary materials to elimination of goods at end-of-life.

LPG (Liquified Petroleum Gas)

NER Law

Law on New Economic Regulations passed in May 2001. Under Article 116, French listed companies must integrate certain information concerning their social and environmental practices in their annual report.

OF (Orange France)

PCB (Polychlorinated biphenyl)

These essentially consist of pyralenes, which were used in certain electrical transformers and capacitors.

PCT (Polychlorinated triphenyl)

PEEE (Professional Electrical and Electronic Equipment)

RLP (*Responsable Local de Processus*) Local Process Officer.

RNP (*Responsable National de Processus*) National Process Officer.

RRE (*Responsable Régional Environnement*)
Regional Environment Officer.

SMS (Short Message Service)
Service for receiving written messages on a mobile GSM telephone screen.

SRI (Socially Responsible Investment)
Investment according to social, environmental and ethical, rather than exclusively financial criteria.

Storage cells
Apparatus for storage and restitution of electrical energy under chemical form.

Sustainability Rating Agencies
Bodies which evaluate companies according to their "societal" performance by taking account of their impact on society (natural and human environment).

Switching equipment
Telecommunications switches are network devices used for the connection of subscribers which analyse incoming signals and select an outgoing circuit to carry the subscriber's call to its destination.

TDF (*TéléDiffusion de France*)
French Television Broadcasting.

TPSA
(Telekomunikacja Polska SA)
Original Polish fixed-line telephone operator, in which France Télécom is a shareholder.

URR (*Unité Régionale de Réseau*)
Regional units which use and maintain network equipment and installations serving clients.

WEEE
(Waste from Electronic and Electrical Equipment)

www.francetelecom.com

— GENERAL CORPORATE AFFAIRS DIRECTORATE
Environmental Affairs and Sustainable Development Office
6, PLACE D'ALLERAY – 75505 PARIS CEDEX 15 – TEL.: 33 (0)1 44 44 22 22

Cover Photo: Launching the Élodie,
Cabling ship *René Descartes* (May 2002).

